

**OFFICE OF THE NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER  
&  
NORTHAMPTONSHIRE POLICE**

**JOINT INDEPENDENT AUDIT COMMITTEE**

**04<sup>th</sup> December 2017 at 10.00am to 14.00pm**

**Greenwell Room, Wootton Hall, Northampton, NN4 0JQ**

**If you should have any queries in respect of this agenda, please contact Emily  
Evans on 03000 111 222 Ext 343437**

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

***Further details regarding the process for asking questions or making an  
address to the Committee are set out at the end of this agenda notice***

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<b>AGENDA</b>		
	Private Meeting of Committee Members with the Auditors (if required)	JB
1	Apologies for non- attendance	JB
2	Declarations of Interests	Members
3	Meeting Log and Actions	JB
4	Governance Framework	TG
5	Estates Strategy	MS
6	Treasury Management Strategy 2017/18	PD/HK
7	Treasury Management Interim Report	PD/HK
8	HMIC Reviews - Update	GA
9	OPCC Risk Register	MS
10	MTFP and Budget Update	PD/HK
11	Internal Audit Progress Report	BW
12	Implementation of Recommendations	RB
13	External Audit Progress Report / Annual Audit Letter	AC
14	Appointment of new External Auditor	AC/HK
15	Agenda Plan	JB
16	AOB (Including member updates)	JB
17	Date and venue of next meeting	JB

18	Resolution to exclude the public	JB
	<p>Items for which the public be excluded from the meeting:</p> <p>In respect of the following items the Chair may move the resolution set out below on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them:</p> <p><i>“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the</i></p>	

	<i>Act of the descriptions against each item would be disclosed to them”.</i>	
19	Confidential items – any	

**Further details regarding the process for asking questions or making an address to the Committee**

**i. General**

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

**ii. Notice of questions and addresses**

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting.

**Notice of questions or an address to the Committee should be sent to:**

Emily Evans  
Office of the Police and Crime Commissioner  
West Wing  
Police HQ  
Wootton Hall  
NORTHAMPTON  
NN4 0JQ

*or by email to:*

*Emily.Evans@northantspcc.pnn.police.uk*

Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

**iii. Scope of questions and addresses**

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

***Further details regarding the process for asking questions or making an address to the Committee (continued)***

**iv. Asking the question or making the address at the meeting**

The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

**v. The Members of the Committee are:**

Mr J Beckerleg (Chair of the Committee)

Ms G Scoular

Mr M Pettitt

Mr A Knivett

**Martin Scoble**

**CHIEF EXECUTIVE & MONITORING OFFICER**

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**POLICE AND CRIME COMMISSIONER for NORTHAMPTONSHIRE and  
NORTHAMPTONSHIRE POLICE**

**JOINT INDEPENDENT AUDIT COMMITTEE**

**ACTION LOG and ACTIONS OF MEETING HELD ON  
09 September 2017  
(Excluding Exempt Items)**

**PRESENT**

**Audit Committee Members**

J Beckerleg (Chair)  
M Pettit  
T Knivett  
G Scoular

**Northamptonshire Police and Crime Commission**

M Scoble	Chief Executive
E Evans	Governance Assistant
R Jones	Finance Consultant

**Northamptonshire Police**

R Swann	Deputy Chief Constable
P Dawkins	Force Chief Financial Officer

**Auditors**

Alistair	KPMG
B Welch	Mazars

Agenda Item	Issue	Action	Responsible	Remarks
1	Apologies for non-attendance	Nil	NA	<ul style="list-style-type: none"> <li>Apologies were received from Andrew Wilson and Andrew Cardoza</li> <li>Chair commented on quality and timeline for the delivery of papers.</li> </ul>
2	Declarations of Interest	Nil	NA	<ul style="list-style-type: none"> <li>Nil</li> </ul>
3	Finance update			<ul style="list-style-type: none"> <li>MS advised of letter received from Nick Hurd MP ref the reserve fund.</li> <li>The provisional appointment of the CFO for the OPCC (Helen King) was noted.</li> <li>RS gave assurance that the finance team was fully engaged with the Change and Operation Balance Programmes</li> <li>RS confirmed that Operation Balance covered all Police expenditure and that previous large savings on non operational budgets was having a detrimental impact</li> <li>JB drew attention to the budget monitoring report. MS advised of process whereby the reports are monitored monthly and the PCC is briefed.</li> <li>JB requested update of current position of outturn. MS advised that this is being raised through the Accountability Board as part of the assurance process. RS clarified that a small underspend is projected. PD advised that any corrective action will be taken through the Chief Constable and PCC.</li> </ul>
4	Final Accounts / AGS / ISA 260	<ul style="list-style-type: none"> <li>JIAC to scrutinise accts before sign off. Further meeting to be arranged</li> <li>Future JIAC dates need to reflect the changed fin cycle</li> </ul>	JIAC	<ul style="list-style-type: none"> <li>Adjustments/corrections being made to ensure closure is completed by the statutory deadline of 30 September 2017 and goes smoothly next year.</li> </ul>

Agenda Item	Issue	Action	Responsible	Remarks
		<ul style="list-style-type: none"> <li>Additional meeting required in July 2018 to sign off accts</li> </ul>		
5	External Audit – progress report	<ul style="list-style-type: none"> <li>KPMG provide accts to JIAC by Mon18 Sep 17</li> </ul>	AC	<ul style="list-style-type: none"> <li>no major concerns that would need to be raised through the PCC and CC</li> </ul>
6	Force Strategic Risk Register	Nil	NA	<ul style="list-style-type: none"> <li>Nil</li> </ul>
7	OPCC Strategic Risk Register	Nil	NA	<ul style="list-style-type: none"> <li>Risk register is reviewed by CEO &amp; OPCC lead monthly and by the PCC quarterly. Any risks are highlighted and brought through the Accountability Board</li> <li>The register was not supplied to JIAC</li> </ul>
8	Internal Audit – progress report	Nil	NA	<ul style="list-style-type: none"> <li>MS noted that all the OPCC recommendations are being reviewed and reallocated to the appropriate member of staff</li> <li>MP requested reassurance regarding progress since previous audit which highlighted concerns about seized property. RS provided assurance that there has now been a Chief Inspector assigned to manage seized property to ensure that the risks are mitigated</li> </ul>
9	Implementation of Audit Recommendations	Nil	NA	<ul style="list-style-type: none"> <li>Nil</li> </ul>
10	Announcements from the Chair	JIAC annual report to the PCP 28 Sep 17	JB	<ul style="list-style-type: none"> <li></li> </ul>
11	Minutes and Matters Arising from the previous meeting	Nil	NA	<ul style="list-style-type: none"> <li>Minutes are accurate</li> </ul>
12	Matters Arising Action Log	<ul style="list-style-type: none"> <li>MS to share OPCC delivery plan</li> <li>Meeting between HMICFRS LO and Chair to be arranged</li> </ul>	MS EE	<ul style="list-style-type: none"> <li>Nil</li> </ul>
13	OPCC and CC governance framework	<ul style="list-style-type: none"> <li>For inclusion at Dec 17 JIAC meeting</li> </ul>	MS	<ul style="list-style-type: none"> <li>Governance framework being reviewed along 3 Force alignment</li> </ul>

Agenda Item	Issue	Action	Responsible	Remarks
14	Decision making protocol	<ul style="list-style-type: none"> <li>To be included within the Gov Framework</li> </ul>	MS	<ul style="list-style-type: none"> <li>Nil</li> </ul>
15	Estates Strategy	Nil	NA	<ul style="list-style-type: none"> <li>Further work underway to develop estates plan and options linked to Force op delivery</li> <li>Workshops taking place up to Dec 17 to establish estates plan and finalise. From benchmark further options and Business Cases will be developed</li> </ul>
16	Capital Programme incorporating the Estates Strategy	Nil	NA	<ul style="list-style-type: none"> <li>JB requested clarification regarding the approval process for investment in estates. MS provided assurance that there is a process in place whereby it will go through a full business case that will be approved by the Chief Constable and ultimately the PCC</li> </ul>
17	Treasury Management (outturn 2016/17 and strategy for 2017/18)	<ul style="list-style-type: none"> <li>Paper required on 16/17 outturn</li> <li>PD to provide clarification of Appendix 3 regarding Authorised limit for external debt borrowing ad the incremental impact of capital investment decisions</li> <li>PD to provide an explanation on the decision to terminate the external cash management</li> <li>PD to provide and explanation about the approach to decisions to borrow (e.g. how these will be triggered) given the scale of borrowing that is</li> </ul>	PD	<ul style="list-style-type: none"> <li>Nil</li> </ul>

Agenda Item	Issue	Action	Responsible	Remarks
		planned to be needed		
18	Reserves Policy including simplifying reserves	Nil	NA	<ul style="list-style-type: none"> <li>MS noted that he has been involved in rationalising the reserves, line by line in order to ensure that they are realistic. MS noted that reserves policy will be reviewed by Policing Minister, Nick Hurd MP</li> <li>JB questioned the rational for a pay and price contingency rather than regarding this as part of a general reserve.</li> </ul>
19	MTFP	Nil	NA	<ul style="list-style-type: none"> <li>The version presented related to 2017/18 and was work in progress. It would be updated for 2107/18 including the revised capital programme and the new Estates Strategy.</li> <li>JB requested some further information regarding Operation Balance which was provided by RS who advised of funding gap which initially triggered the review</li> <li>PD confirmed that the draft capital programme was affordable within the MTFP</li> </ul>
20	Items to record / report to PCC + CC	<ul style="list-style-type: none"> <li>Confirm date</li> </ul>	EE	<ul style="list-style-type: none"> <li>Nil</li> </ul>
21	Forward Plan - updated	Nil	NA	<ul style="list-style-type: none"> <li>Nil</li> </ul>
22	OPCC Delivery Plan	<ul style="list-style-type: none"> <li>PCP version of the plan to be distributed</li> </ul>	MS	<ul style="list-style-type: none"> <li>Nil</li> </ul>
23	Agenda Plan for Next Four Meetings	<ul style="list-style-type: none"> <li>Nil</li> </ul>	NA	<ul style="list-style-type: none"> <li>Nil</li> </ul>
24	Date and Venue for Next Meeting	<ul style="list-style-type: none"> <li>Admin arrangements to be confirmed and communicated</li> </ul>	EE	<ul style="list-style-type: none"> <li>An informal meeting is to take place by the end of September to review the accounts and a workshop is scheduled for November 2017</li> </ul>
25	Any Other Business	<ul style="list-style-type: none"> <li>Nil</li> </ul>	NA	<ul style="list-style-type: none"> <li>PD gave update on a review of IT which has been commissioned by the PCC to be undertaken by Boeing</li> <li>Tri Force ICT Collaboration has been halted by Northants</li> </ul>





COMMUNITY JUSTICE SECURITY

**Agenda Item No: xx**

## **JOINT INDEPENDENT AUDIT COMMITTEE**

**24 November 2017**

### **REPORT BY TANTTY GALLACHER**

#### **Subject: Recommended Changes to Corporate Governance Framework**

##### **1. Introduction:**

- 1.1 As part of annual review into its governance arrangements, the OPCC and the Force have carried out a review of its corporate governance framework. As a result of this review, the OPCC has made a number of recommended changes to the Corporate Governance Framework, which acts as the overarching document containing the organisation's principles, policies and protocols
- 1.2 This report sets out to inform the Joint Independent Audit Committee (JIAC) of the recommended changes contained therein and invites comments from the Committee.
- 1.3 Appendix 1: Joint Code of Corporate Governance for the Office of Police and Crime Commissioner and the Chief Constable for Northamptonshire Draft 1.1.
- 1.4 This is a draft and work to update the framework will continue. We anticipate that the work will complete in December 2017 and a final draft will be again presented to the Audit Committee, following approval from the PCC and the Chief Constable.

##### **2. Background**

- 2.1 As part of good governance practice, organisations should continually seek to review its corporate governance arrangements to ensure that they are relevant, proportionate and appropriate in the legal and political environments in which they operate.
- 2.2 The scope of the review encompasses governance arrangements for the PCC and the Force.
- 2.3 To ensure that the organisation takes an informed approach in updating its governance framework, we have made references to

*CIPFA's Delivering Good Governance in Local Government Framework 2016 ("the 2016 Framework")*, which sets the standard for local authority governance in the UK and *Delivering Good Governance Guidance Notes in Policing Bodies (2016)*. In addition, we have also taken into account recommendations within the Internal Audit Report, November 2016.

- 2.4 Colleagues from areas of Finance, Procurement and Legal departments have been consulted in the course of this work.

### **3. Key Changes to Corporate Governance Framework:**

- 3.1 The below are key changes that have been included in the current draft. In addition to these changes, there were a number of minor amendments to the framework to ensure consistency within the document but does not represent major changes or have major impact on the governance arrangements within the two corporations sole.
- 3.2 In line with the recommendation from the internal audit report, the corporate governance framework incorporates, jointly and separately the governance of the two corporations sole for the OPCC and the Chief Constable.
- 3.3 As recommended by CIPFA's Good Governance Framework, the updated framework sets out the methods, policies and strategies adopted by the corporations sole in its implementation of the seven principles of good governance contained within the 2016 Framework.
- 3.4 The Scheme of Consents and Delegations has now been expanded/ updated to include the functions consented by the Commissioner to his own staff, the Chief Executive of the PCC and the Chief Finance Officer of the PCC.
- 3.5 The Scheme of Consents and Delegations has now been expanded to include the delegation of the Chief Constable to staff under his direction, Chief Finance Officer of the Chief Constable.
- 3.6 The revised delegated limits and contract standing order has also been included in the Delegated Limits section to reflect the work in standardising the delegated limits across Leicestershire, Nottinghamshire and Northamptonshire. The recommended delegated limits were endorsed earlier by the Chief Executive of the PCC, the Commissioner and took into account consultations with the Chief Finance Officer of the Chief Constable (Northamptonshire).
- 3.7 We have replaced the Decision Making template with the updated version.
- 3.8 We have replaced the Accountability Framework with the latest Assurance and Accountability Framework.



3.9 Other items which are still being considered for revision and amendment include:

- Delegation to the Head of Legal Services
- External funding policy
- Governance Policy for separate legal entities set up by the PCC

#### **4. Recommendation**

4.1 That the Joint Independent Audit Committee considers the changes within this draft to inform itself and advise the OPCC and the Chief Constable on the effectiveness of this draft in ensuring compliance with statutory requirements.

4.2 Comments or queries about this paper may be forwarded to the details below

**Author**

**Tantty Gallacher**

**Finance SME**

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**COMMUNITY JUSTICE SECURITY**

## **SCHEME OF GOVERNANCE**

**Draft: April 2017**

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## 1. Introduction

1.1 The Financial Management Code of Practice for the Police Forces of England and Wales published by the Home Office in October 2013 provides that a Scheme of Governance should be prepared by the Police and Crime Commissioner (PCC). In doing so the PCC should be advised by the Chief Finance Officer of the PCC in consultation with the Chief Executive, the Chief Constable and the Police Force Chief Finance Officer.

1.2 The Scheme should identify those powers which may be exercised by either the PCC or the Chief Constable (as applicable) but which, for the benefit of good practice, may be exercised by their staff. It should also set out any constraints on those powers, including requirements to report back or advise the PCC or the Chief Constable, and should address circumstances which will require consultation between the staff of the PCC and the Chief Constable. Key elements of a Scheme of Governance will be comprised of:

- Scheme of Consent
- Financial Regulations
- Standing Orders relating to Contracts
- Scheme of Delegation

1.3 The purpose of this Scheme is to set out the extent of, and any conditions attaching to, the PCC's consent to the Chief Constable's exercise of the powers to enter into contracts and acquire or dispose of property.

1.4 This Scheme of Governance comprises:

- Delegations and Consents – Sections 5 to 9
- Financial Regulations – Section 10
- Contract Standing Orders – Section 11
- Decision Making Framework – Section 12
- Accountability Framework – Section 13
- Commissioning Framework – Section 14

The latter three parts (Decision Making Framework, Accountability Framework, Commissioning Framework) are not explicitly set out in the Code of Practice but the Code does envisage OPCC's setting out further detail on how the relationship between the PCC and Chief Constable works in practice. This is the reason for the inclusion of these parts in this document.

1.5 The Scheme will be kept under regular review (at least annual) and amended in consultation with and on the advice of those officers identified in paragraph 1.1

## 2 Legislative Background

- 2.1 The Police Reform and Social Responsibility Act 2011 established the role of the PCC, creating both the PCC and the Chief Constable as a corporation sole.
- 2.2 The Act has conferred wide powers upon the PCC. A PCC may do anything that is calculated to facilitate or is conducive or incidental to, the exercise of the functions of a PCC. This includes entering into contracts and other agreements, acquiring and disposing of property (including land) and borrowing money.
- 2.3 The Chief Constable has similar powers within the functions of the Chief Constable including entering into contracts and agreements and to acquire or dispose of property (apart from land) provided the PCC provides this consent to the Chief Constable. The Chief Constable has the power to enter in contracts of employment for police staff.
- 2.4 In addition to this legislation, this Scheme also requires all other statutory and regulatory requirements and relevant professional guidance to be adhered to including:
- Policing Protocol Order 2011
  - Home Office Financial Management Code of Practice
  - CIPFA Statement on the role of the Chief Finance Officer of the PCC
  - The broader PCC Corporate Governance Framework
  - Employment legislation, policy and procedures
  - The Data Protection Act 1998 and the Freedom of Information Act 2000
  - Health and safety at work legislation and codes
  - Equality Act 2010 and related equality and diversity regulations and guidance
- 2.5 This Scheme also sets out how:
- The PCC expects the funds provided to the Chief Constable for policing to be applied – Section 10 Financial Regulations
  - The PCC will hold the Chief Constable to account for the day to day management of those funds – Section 14 Accountability Framework
  - The Chief Constable will carry out their duty to assist in the exercise of the PCC's functions – Section 4 Key Role of the Chief Constable and Section 7 Functions delegated or consented to the Chief Constable
  - The Chief Constable will exercise their power to do anything calculated to facilitate the exercise of their own functions – Section 4 Key Role of the Chief Constable

- The PCC will exercise their power to delegate the exercise of their functions to their own staff – Section 8 Functions delegated to the Chief Executive and Section 9 Functions delegated to the Chief Finance Officer.
- The terms on which the PCC will exercise any functions they retain to aid the delivery of efficient and effective policing – Section 6 Matters that will not be delegated by the PCC

2.6 The PCC may require specific reporting arrangements to be put in place regarding any delegated powers.

2.7 All delegated powers should be exercised in line with the law and all requirements set out in the Corporate Governance Framework.

### 3 Key Role of the Police and Crime Commissioner

3.1 The legal powers and duties of the PCC are established by legislation and summarised within the Policing Protocol Order 2011. This Scheme does not seek to list all statutory duties of the PCC.

3.2 The key roles of the PCC are:

- To hold the Chief Constable to account on behalf of the public for the performance of the Force
- To be the recipient of all funding related to policing
- Set the strategic direction and objectives of the Force through the Police and Crime Plan, having regard to the Strategic Policing Requirement
- Secure the maintenance of an efficient and effective police force for Northamptonshire
- Set the budget, determine the level of precept and allocate funds and assets (including the allocation of such assets and funds to particular functions) to the Chief Constable
- Ensure that the Chief Constable puts the appropriate measures and resources in place to secure strong financial management.
- Appoint, suspend and if necessary remove the Chief Constable
- Enter into collaboration agreements that improve the efficiency and effectiveness of policing for one or more police force, in consultation with the Chief Constable (where it relates to the functions of the police force, then it must be with the agreement of the Chief Constable)
- Enter into collaborations, partnerships and contracts with other parties other than police forces
- Hear the voice of the public
- Publish information specified by the Secretary of State and any information the PCC considers necessary to enable the people of the force area to assess performance
- Produce an annual report to the Police and Crime Panel on delivery against the Police and Crime Plan
- Monitor all complaints made against officers and staff, having responsibility for complaints against the Chief Constable
- Make Crime and Disorder Reduction Grants
- Ensure the delivery of services for victims within their area
- Have oversight of the delivery of community safety and crime reduction in the area
- Have responsibility for the enhancement of the delivery of the criminal justice system in their area

- Appoint a Chief Executive and Chief Finance Officer to ensure the appropriate management of staff and budgets on behalf of the PCC

3.3 The PCC will require access to information and officers and staff of the Chief Constable within their Force area. Such access to any information must not be unreasonably withheld or obstructed by the Chief Constable and/or fetter the Chief Constable's discretion and control of the Force

3.4 To deliver these functions, the PCC will where necessary or appropriate:

- Commission services to be provided by the Force for the public, specifying clearly what functions the Force will be required to provide as part of the allocation of assets and funds to the Chief Constable
- Commission other providers to provide any function required to deliver services to the public to discharge the PCC's statutory duties

How this operates in practice is set out in the OPCC Commissioning Framework (Section 14).



## 4 Key Role of the Chief Constable

- 4.1 The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown but is appointed by the PCC.
- 4.2 The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of an efficient and effective police force, including for the management of resources and expenditure by the Force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the communities they serve.
- 4.3 The key statutory roles, as defined by the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2012 of the Chief Constable are:
- To lead the Force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts impartially
  - To appoint the Force's officers and staff (after consultation with the PCC in the case of officers above the rank of Chief Superintendent and police staff equivalents)
  - To support the PCC in the delivery of the strategy and objectives set out in the Police and Crime Plan
  - To provide the PCC with access to information, officers and staff as required
  - To have regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of the Force's national and international policing responsibilities
  - Notifying and briefing the PCC of any matter or investigation which they may need to provide public assurance either alone or with the PCC
  - To be the operational voice of policing in the Force area, and to regularly explain to the public the operational actions of officers and staff under their command
  - To enter into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency and effectiveness of policing, subject to the agreement of the PCC
  - To remain politically independent of the PCC
  - To manage all complaints against the Force, its officers and staff, except in relation to the Chief Constable, and to ensure that the PCC is kept informed to enable them to discharge their statutory obligations in relation to complaints in a regular, meaningful and timely fashion. Serious complaints and conduct matters must be passed to the Independent Police Complaints Commission (IPCC)

- To exercise the power of direction and control in such a way as is reasonable to enable the PCC to have access to all necessary information and staff within the Force
- To oversee and be accountable for the financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC

## 5 Scheme of Delegations and Consents

- 5.1 Delegations are those matters that the PCC allows others to undertake but in the PCC's name. Consents are those matters that the PCC allows the Chief Constable to undertake in their own name and as a separate legal entity.
- 5.2 This Scheme of Delegations and Consents is a record of the formal consents and delegations as required by the Home Office Financial Management Code of Practice (2013). With the exception of those matters listed in paragraph 6.3 below, the Scheme allows any person, with appropriate authority, to delegate that power further. Any such sub-delegation does not relieve the person who has sub-delegated a power from due responsibility for any decision taken by a person they have authorised to act on their behalf.
- 5.3 The PCC has the discretion to limit and/or withdraw the powers consented or delegated by them at any time, provided that the reasons for doing so are documented in writing.
- 5.4 The PCC may ask that a specific matter is referred to them for a decision and not dealt with under powers of delegation.
- 5.5 The PCC must be advised of any policing and crime matter which may have a significant impact, as defined within the decision making framework in Section 13 within this Scheme, on the people of Northamptonshire
- 5.6 The Scheme does not prevent an individual from referring a matter to the PCC for a decision if the individual thinks this is appropriate. For example, this may be because it is of a sensitive nature.
- 5.7 The PCC expects anyone exercising consented or delegated powers under this Scheme to draw their attention to any issue which is likely to be regarded by them as novel, contentious or repercussive before exercising such powers. This includes any potential financial liability.
- 5.8 In this document, all references to specific roles include those authorised by them to act on their behalf.
- 5.9 The Chief Executive (who is the Monitoring Officer and Head of Paid Service) and the Chief Finance Officer of the PCC have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to discharge those responsibilities.

- 5.10 Individuals are responsible for making sure that members of staff they supervise are aware of and understand provisions and obligations of this Scheme
- 5.11 This Scheme provides an officer with the legal power to carry out duties of the PCC. In carrying out these duties, the officer must comply with all other statutory and regulatory requirements and relevant professional guidance, including those listed at paragraph 2.4.
- 5.12 When carrying out any duties, the PCC and any officers named in this Scheme must have regard to:
- The Police and Crime Plan
  - Any report or recommendations made by the Police and Crime Panel on the annual report for the previous financial year
- 5.13 The following sections set out further detail on delegations and consents including those matters not to be delegated, those matters delegated or consented to the Chief Constable, to the OPCC Chief Executive and to the OPCC Chief Finance Officer.

## **6 Matters that will not be delegated by the PCC**

- 6.1 The Police Reform and Social Responsibility Act 2011 makes provisions for the PCC to appoint a deputy to undertake any functions of the PCC with the exception of:
- Approving and issuing the Police and Crime Plan
  - Appointing, suspending and removing the Chief Constable
  - Approving the budget requirement for the purpose of issuing a precept
- 6.2 There is no deputy PCC at the date of this Scheme and therefore there are no delegations included within this Scheme.
- 6.3 The Police Reform and Social Responsibility Act 2011 makes provision for the PCC to appoint other staff to carry out their functions. In addition to those functions listed at 6.1 which cannot be delegated to staff, the following are also defined in the Act as being matters that cannot be delegated:
- Determining the police and crime objectives in the Police and Crime Plan
  - Attendance at the Police and Crime Panel for specified duties
  - Approving the annual report to the Police and Crime Panel
- 6.4 In addition, the PCC, except in exceptional and urgent circumstances, will not delegate decisions of Significant Public Interest. A full definition of decisions of Significant Public Interest is included in the Decision Making Framework in Section 13 of this Scheme.
- 6.5 Should the PCC be unable to act for any reason, the Police Reform and Social Responsibility Act 2011 makes provisions for the Police and Crime Panel to appoint an Acting PCC and subsequently, should the PCC be unable to return to their duties a by-election would be triggered.
- 6.6 Should any decision be required of the PCC whilst unable to act and prior to the Police and Crime Panel meeting to appoint an Acting PCC, the delegated powers to the Chief Executive and Chief Finance Officer within this Scheme (at 8.2.24 and 9.4 respectively) are enacted.

## **7 Functions consented or delegated to the Chief Constable**

7.1 In addition to the statutory duties of the Chief Constable (as outlined in the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2011), the PCC can give consent to functions being undertaken by the Chief Constable in their own name and as a separate legal entity.

### **7.2 Consents**

7.2.1 The PCC consents that the Chief Constable may enter into contracts for supplies or services for any matter required to facilitate the running of the Police Force and provided such contracts falls within the overall cash limit of Chief Constable, with the exceptions of:

- Buildings, which must be entered into by the PCC
- Collaboration Agreements which must be agreed by both the Chief Constable and the PCC

7.2.2 To provide financial assistance to police officers, staff or volunteers (including special constables) in legal proceedings taken by or against them as a result of performing their duties. This action must be taken in line with Home Office advice.

7.2.3 To undertake the day to day management of the facilities and asset management function subject to any provisions in the Financial Regulations.

7.2.4 To approve the retirement, in the interests of the efficiency of the service, of employees and to report to the PCC on this issue each year

7.2.5 To bring national agreements on salaries, wages and conditions into effect on the clear understanding that any issues which are sensitive or have major financial implications will be referred to the PCC for a decision

7.2.6 To negotiate with, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. Any significant agreements must be reported to the PCC.

### **7.3 Delegations**

7.3.1 To provide the functions detailed by the PCC as part of the annual budget settlement for the Force, delivering them within cash limits and meeting any conditions of the funding imposed by the PCC.

7.3.2 The numbers and locations of officers and staff to deliver the requirements set out by the PCC in the Police and Crime Plan and specific objectives for the Force, subject to any conditions attached to the cash limit set for the Force by the PCC.

7.3.3 Detailed financial management delegations are set out in Financial Regulations within this Scheme in Section 10.

## **8 Functions delegated to the Chief Executive of the Office of the PCC**

8.1 The Chief Executive is the most senior officer of the OPCC and is the Head of Paid Service. This statutory appointment is made under Schedule 1 to the Police Reform and Social Responsibility Act 2011. For the purposes of section 5(1) of the Local Government and Housing Act 1989 (as amended by Reform and Social Responsibility Act 2011) the Chief Executive is designated as the body's monitoring officer with responsibility for ensuring the legality of the actions of the policing body and its officers.

8.2 The formal delegations are as follows:

8.2.1 Take day to day action to ensure the efficient and effective management of the Office of the PCC, including the appointment or dismissal of all staff and volunteers with the exception of the Deputy PCC

8.2.2 Ensure the discharge of the PCC's functions, with the exception of those matters within Section 6 of this Scheme, giving effect to the decisions and direction of the PCC

8.2.3 Prepare the Police and Crime Plan, consulting with the Chief Constable, for submission to the PCC

8.2.4 Prepare an Annual Report for submission to the Commissioner for the Commissioner to fulfil his statutory duty to report annually on progress against the Police and Crime Plan to the Police and Crime Panel.

8.2.5 Provide information to the Police and Crime Panel as lawfully and reasonably required to enable the Panel to carry out its functions

8.2.6 To approve arrangements for the signing of all contracts on behalf of the PCC taking into account any requirements specified in the Contract Standing Orders within this Scheme.

8.2.7 To affix the common seal of the Northamptonshire Police and Crime Commissioner to all contracts, were any of the following applies:

- Agreements or transactions in respect of which there is no consideration
- That relate to the provision of goods and services by the PCC to another body and which are £300,000 or above in value over the life of the contract
- That are £300,000 or above in value over the life of the contract



- Which grant or convey an interest in land
- Which are grants that are £100,000 or above
- When it is determined by the PCC that there is a particular need for the seal to be attached
- Where any of the contracting parties require it

8.2.8 To consider, in consultation with the Chief Finance Officer, whether to provide indemnity to the PCC and to deal with or make provision to deal with other matters arising from any proceedings relating to them.

8.2.9 To consider and approve, in consultation with the Chief Finance Officer, provision of indemnity and/or insurance to individual staff of the PCC in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004.

8.2.10 To make financial and contractual decisions as outlined in the Financial Regulations and Contract Standing Orders.

8.2.11 To oversee the way that complaints against officers and staff within Northamptonshire Police are managed so this is efficient and effective and to advise the PCC on this basis.

8.2.12 To manage the PCC's budget in accordance with Financial Regulations.

8.2.13 To fix fees for copies of documents and extracts of documents requested under the Freedom of information Act 2000, or the Data Protection Act 1998, or otherwise

8.2.14 To make recommendations to the PCC with regard to staff terms and conditions of service in respect of the PCC's staff in consultation with the Chief Finance Officer.

8.2.15 To administer the Independent Custody Visitors (ICV) Scheme and any other volunteer schemes including the appointment, suspension and removal of custody visitors and other volunteers.

8.2.16 To obtain legal or other expert advice.

8.2.17 To commence, defend, withdraw or settle any claim or legal proceedings where required, on the PCC's behalf in consultation with the Chief Finance Officer.

- 8.2.18 To facilitate the management of appeals made by police officers against the Chief Constable's decision to require retirement due to ill health and to implement the subsequent awards made, in line with the provisions of the Police and Pensions Regulations.
- 8.2.19 To consider, with the PCC, any complaint made against the Chief Constable, and where appropriate, to make arrangements for appointing an officer to investigate the complaint.
- 8.2.20 To respond to consultations on proposals affecting the PCC.
- 8.2.21 To ensure that appropriate arrangements are in place to gather community's views on policing and crime in Northamptonshire.
- 8.2.22 To ensure compliance with the requirements for publication of all aspects of the Local Policing Bodies (Specified Information Order 2011).
- 8.2.23 To decide on whether any information to support a decision taken by the PCC and published by Executive Order should be exempt from being published under the exemptions contained within the Local Government Act 1972 – Schedule 12A.
- 8.2.24 In the event of the PCC being unable to act for any reason, and before the Police and Crime Panel are able to meet to appoint an Acting PCC, to take urgent decisions of significant public interest, other than those precluded under paragraph 6.3 of this Scheme. Where decisions are taken under this provision, the Chief Executive will inform the PCC at the earliest opportunity. See also paragraphs 13.5.1 and 13.5.2
- 8.2.25 To ensure compliance with the responsibilities of the PCC as the Pension Supervising Authority for the Chief Constable Pension

## **9 Functions delegated to the Chief Finance Officer of the PCC**

9.1 The Chief Finance Officer is the financial advisor to the PCC and has statutory responsibilities as set out in Section 151 of the Local Government Act 1972, sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2011.

9.2 The Financial Regulations at Section 10 in this Scheme set out the responsibilities of the Chief Finance Officer.

9.3 The Chief Finance Officer must:

- Be a key member of the PCC's Leadership Team, working closely with the Chief Executive
- Be actively involved in and able to bring influence to bear on, all strategic business decisions of the PCC
- Lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately
- Ensure that the finance function is fit for purpose

9.4 In the event of the PCC being unable to act for any reason, and before the Police and Crime Panel are able to meet to appoint an Acting PCC to take urgent decisions of significant public interest, other than those precluded under paragraph 6.3 of this Scheme. This will be undertaken normally following consultation with the Chief Executive. Where decisions are taken under this provision, the Chief Finance Officer will inform the PCC at the earliest opportunity.

## **10 Financial Regulations**

10.1 The Financial Regulations govern the relationship between the PCC, OPCC and Force in relation to financial matters. The Financial Regulations are part of this Scheme and included at Appendix 1.

## **11 Contract Standing Orders**

11.1 Contract Standing Orders relate to how the PCC enters in to contracts. The Contract Standing Orders are part of this Scheme and included at Appendix 2.

## **12 Commissioning Framework**

12.1 The Commissioning Framework explains how the PCC determines the provision of services. The Commissioning Framework is included in Appendix 3.

## **13 Decision Making Framework**

13.1 The statutory framework for decision making is outlined in Section 2 of this Scheme.

### **13.2 Approach to Decision Making**

13.2.1 Decisions taken by the PCC will arise from the discharge of their statutory functions. The PCC will demonstrate probity and regularity in their decision making and will therefore take decisions in accordance with the Good Governance Standards for Public Service (the Nolan Principles).

13.2.2 The PCC and the Office of the PCC will apply good governance principles to all decisions regardless of significance and impact.

### **13.3 Principles of Decision Making**

13.3.1 Decision-making will be transparent and well informed.

- The PCC will give proper consideration to all relevant parties. Arrangements will be made for obtaining the views of people in the local area about matters related to policing, community safety and criminal justice. These views will be used to inform all decisions.
- The principle means of public consultation will be on the Police and Crime Plan. This is a statutory requirement as defined in the Police Reform and Social Responsibility Act 2011. The Plan will seek to include all key policy initiatives that the PCC will seek to execute.
- The OPCC will also consider specific consultation where the Police and Crime Plan is insufficient consultation on specific decisions. The OPCC Chief Executive will be responsible for deciding when additional consultation is required on a decision.
- Consultation will take a variety of forms to ensure the most appropriate method and audience (e.g. the public, the Chief Constable or other stakeholders including the Police and Crime Panel) is sought for each decision.
- A Forward Plan of Significant Public Decisions will be maintained and published on the OPCC website to enable public awareness of likely dates for decision making.

- At times, some information will not be appropriate to be published due to confidentiality reasons. The potential reasons (as described in Local Government Act 1972 – Schedule 12A) are:
  - Information relating to any individual
  - Information which is likely to reveal the identity of an individual
  - Information relating to the financial or business affairs of any particular person (including the authority holding that information)
  - Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the PCC or a Minister of the Crown and employees of, or office holders under, the authority
  - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
  - Information which reveals that the authority proposes
    - a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; b) to make an order or direction under any enactment
  - Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

13.3.2 Decisions will make use of good quality information, advice and support.

- Decisions will be taken based on quality information and clear advice in order to reduce the risk of taking decisions that fail to achieve the PCC's objectives or have unintended consequences.
- Advice will include that taken from the Chief Constable as well as statutory and other officers of the PCC.
- Any decisions taken will be accompanied by an officer report detailing material information relied upon in making the decision. The report will be provided in the format specified at Appendix 4 of this Scheme. Such reports will be published in conjunction with the final decision.



### 13.3.3 Decisions will make use of risk management information.

- Risk registers of the PCC will be regularly reviewed by the officers and the Audit Committee to inform decision making.
- Risks specific to the decision will be identified, together with any mitigation that is in place.

### 13.3.4 Decisions will be lawful, reasonable, fair and proportionate.

- The PCC will make use of their professional advisers in decision making and will take into consideration the impact of any decisions of all those who live and work in Northamptonshire.
- The PCC will take decisions with a view to achieving value for money.
- The PCC will consider equality and human rights issues when taking decisions, as required by the Equality Act 2010. Decisions of significant public interest will be accompanied by an Equality Impact Assessment which will be used to inform the decision making.

### 13.3.5 Decisions will be recorded and published.

- The PCC has a statutory duty under the Police Reform and Social Responsibility Act 2011 to publish decisions of 'significant public interest'. These will be published as Executive Orders on the PCC website.
- The PCC will inform the Host Authority (Northamptonshire County Council) of the Police and Crime Panel once each Executive Order is agreed and published. Upon receiving this, the Host Authority will disseminate the Executive Order to all members of the Police and Crime Panel. Should the Host Authority receive any questions or requests for further information from members of the Panel, they will liaise with the PCC to ensure such enquiries are responded to as appropriate.
- The PCC will provide each meeting of the Police and Crime Panel with a summary of the decisions that have been taken and published in the period since the previous meeting.
- Other decisions taken by the PCC or by statutory officers under the delegations outlined in this Scheme will also be recorded on a decision record that will be available for inspection as required.

## **13.4 Decisions of Significant Public Interest**

13.4.1 The following will be considered Decisions of Significant Public Interest:

- Decisions that result in expenditure or savings of £300,000 or more
- Any decision to issue or vary the Police and Crime Plan
- Any decision to consult the public on specific matters
- Any decision to appoint, remove or suspend a Chief Constable
- Any decision to appoint a Deputy Police and Crime Commissioner, Chief Executive or Chief Finance Officer
- Any decision to approve or amend the Corporate Governance Framework of the OPCC

13.4.2 All decisions of Significant Public Interest will require the PCC to sign an Executive Order, which will be published on the PCC website within 5 working days of the decision. Alongside the publication of the Executive Order all material information used to make the decisions will be published, including an officer report to the PCC in the format specified in Appendix 4 of this Scheme

13.4.3 The PCC will take other decisions that are not classed as being of significant public interest. These will typically be decisions that have been referred by the Chief Executive on grounds that further decisions that would be of significant public interest will be required or where the delegated officer considers it to be sufficiently novel, contentious or repercussive to require the PCC to decide. These decisions will be taken following written advice from officers and a decision record will be recorded and held for inspection if required.

## **13.5 Decisions of an Urgent Nature**

13.5.1 Should the PCC be unable to act and an urgent decision is required, the Chief Executive and/or the Chief Finance Officer is able to take decisions on the PCC's behalf. In these circumstances it would be normally the case that the two statutory officers would confer and agree on the action proposed. Such decisions would only be taken in circumstances where paragraph 6.5 had been invoked as noted in paragraph 6.6.

13.5.2 Where either statutory officer takes an urgent decision that would otherwise require the approval from the PCC, the reason for the decision, including the reasons precluding the PCC taking the decision, and the decision itself should be recorded and the PCC informed of the decision at the earliest opportunity. If an Executive Order would normally have been required, the PCC will be asked to retrospectively agree an appropriate Executive Order to ensure that all significant public decisions are published as required.

## **14 Accountability Framework**

14.1 The PCC has a statutory duty to hold the Chief Constable to account for the performance of Northamptonshire Police on behalf of the public.

### **14.2 Principles for Accountability**

14.2.1 A focus on where we are going rather than where we have come from. This is not to say that understanding reasons for current and previous performance is not important. Understanding reasons for the current and previous performance is vital to help make strategic decisions. However performance success is not about 'distance travelled' but is about 'distance to target'. The emphasis is placed therefore on looking forward to improve performance rather than looking backwards.

14.2.2 Reflecting victims' and the wider community's priorities and concerns. The PCC's chief role is to be the 'voice of the public' within conversations on performance. This should usually be reflected in the outcomes of the Police and Crime Plan.

14.2.3 Adopting a long term strategic perspective. The focus is not on month to month or even year to year comparisons. The focus is on long term trends to improve performance systematically rather than superficially. Long term sustainable improvements are required rather than achieving short term targets by any means necessary.

14.2.4 Being 'intrusive' when it needs to be and 'light touch' when it does not. The focus will be on areas of risks to performance, and where there are risks it is right that the PCC is challenging and sets high expectations for improvement. This must be balanced with avoiding placing an unnecessary burden on the Force that distracts from delivery.

14.2.5 Open, honest and transparent. Poor performance should not be hidden. There should be discussion on issues to enable solutions to be sought in an environment without fear of being seen as a failure.

### **14.3 Process for Holding the Chief Constable to Account**

14.3.1 The current process employed by the PCC to hold the Chief Constable to account is included in Appendix 5.

## 14.4 Holding the PCC to Account

14.4.1 The Police Reform and Social Responsibility Act 2011 includes provisions for a Police and Crime Panel to scrutinise the PCC.

14.4.2 The Police and Crime Panel (PCP) scrutinise the Police and Crime Commissioner. The Police and Crime Panel is a body made up of local elected councillors and independent members with the responsibility to scrutinise and support the work of the Police and Crime Commissioner. The PCP is not a local government committee however it is obliged to meet in public, to publish agendas and minutes, and to fulfil the following responsibilities:

- To consider the Police and Crime Commissioner's Police and Crime Plan – a document setting out the PCC's priorities for a five year period and how those priorities will be delivered.
- To consider the draft policing budget and draft policing precept. The precept is the amount of money that the PCC proposes to levy on council taxpayers for the local force. The budget will set out how both the money raised from the precept will be spent, and also how other funds will be spent for which the PCC has overall responsibility.
- To consider the PCC's annual report, setting out their activities in the previous year.
- To carry out hearings when the PCC proposes to appoint a new chief constable, a deputy PCC, a chief of staff, chief executive or a chief finance officer.
- To work to resolve (but not investigate) non-criminal complaints made about the PCC.

14.4.3 The panel is made up of councillors drawn from each of the local authorities in Northamptonshire according to a set allocation of places, and three independent co-opted members drawn from the local community.

14.4.4 The agenda papers for meetings are published five working days in advance and are available to download from the Northamptonshire County Council website. The panel meetings are normally held in public and members of the public can attend. and address the Police and Crime Panel or ask a question on any item on the agenda for a particular meeting.

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## Appendix 1 – Financial Regulations



# OFFICE OF NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER

## FINANCIAL REGULATIONS

Issued: April 2017

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## INTRODUCTION

### OVERVIEW

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds, including:
  - The Local Government Act 1972
  - The Local Government Finance Act 1988
  - The Accounts and Audit Regulations 2003, 2006 and 2011

In addition, the Home Office has issued a Financial Management Code of Practice (FMCOP) under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996 which permit the Secretary of State to issue codes of practice to all Police and Crime Commissioners (Commissioner) and Chief Constables.

2. The Police Reform and Social Responsibility Act 2011 defined arrangements for separate corporations sole for the Police and Crime Commissioner (PCC) and Chief Constable (CC), each of which is required to appoint a Chief Finance Officer (CFO). The FMCOP deals specifically with the financial management of the corporations sole of the PCC and CC. The professional responsibilities of the PCC and CC CFOs are defined in the FMCOP and in a CIPFA Statement issued in September 2012, "Responsibilities of the CFO to the PCC and the CFO to the CC".
3. As separate corporations sole, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. The staff of the Commissioner are accountable to the directly elected holder of that office.
4. The public accountability for the delivery and performance of the police service is placed into the hands of the Commissioner on behalf of their electorate. The Commissioner draws on their mandate to set and shape the strategic objectives of their force area in consultation with the Chief Constable. The Commissioner is accountable to the electorate; the Chief Constable is accountable to their Commissioner. The Police and Crime Panel is empowered to maintain a regular check on the performance of the Commissioner in that context.
5. The Commissioner within each force area has a statutory duty and electoral mandate to hold the police to account on behalf of the public.

6. The Commissioner may appoint a Deputy Police & Crime Commissioner who may exercise some of the functions of the Commissioner as determined by the Scheme of Governance.
7. The Commissioner is the recipient of all funding, including the government grant and precept and other sources of funding, related to policing and crime reduction and all funding for a force must come via the Commissioner. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
8. To conduct its business effectively, any organisation needs to ensure that sound financial management policies are in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial matters are conducted properly and in compliance with necessary requirements.
9. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the Commissioner and those for whom they are responsible and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
10. A modern organisation should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

## **STATUS**

11. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework that includes the policing protocol, codes of governance, codes of conduct, scheme of consent, scheme of delegation and Contract Standing Orders
12. The Commissioner and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
13. Financial Regulations explain the working financial relationship between the Commissioner and the Chief Constable and their respective Chief Financial

Officers, having regard also to the role played by the Commissioner's Chief Executive.

14. These regulations include responsibilities for Statutory Officers and it is the responsibility for each of the Statutory Officers to fulfil these requirements individually and by working together.
15. The Commissioner is responsible for approving or amending Financial Regulations for the Commission. The CFO to the Commissioner is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Commissioner, after consulting with the Chief Constable, the Force CFO and the Chief Executive.
16. Senior Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with. An adequate number of copies must be available for reference.
17. Any case of potential non-compliance with these regulations or Standing Orders should be reported immediately and directly to the CFO to the Commissioner. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action.
18. The Commissioner and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.

## **CONTENT AND DELEGATED LIMITS**

19. The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority. These are also summarised in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are made. Section F contains the appropriate cross-reference to the regulation in question
  - Section A - Financial management framework
  - Section B - Financial planning and Control
  - Section C - Management of risk and resources

- Section D - Systems and procedures
- Section E - External arrangements
- Section F - Summary of delegated limits

## **DEFINITIONS WITHIN THE REGULATIONS**

20. The 'Office of the Police and Crime Commissioner for Northamptonshire (OPCCN) when used as a generic term shall refer to the PCC, the PCC CFO, and staff under the PCC direction.
21. The 'Force' shall refer to the CC, CC CFO, police officers, the special constabulary, and police staff under his/her direction.
22. Within these Regulations, references have been made to the responsibilities of the CC since the responsibility for day to day financial management of the funds the PCC delegates to the Force is delegated to the CC and is vested with the CC post of Force's Chief Finance Officer (S.151) who is the CC CFO acting on behalf of the CC. Where responsibility for day to day financial management has not been delegated to the CC and is vested with the PCC or PCC CFO (the Director for Resources, Governance and Transformation), the duties, rights and powers as detailed for the CC shall apply equally to the PCC CFO.
23. The terms CC, CC CFO, PCC, PCC Monitoring Officer and PCC CFO include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.
24. The Statutory Officers referred to relate to the Chief Constable, the Chief Executive and the two Chief Financial Officers.
25. The Chief Executive also fulfils the monitoring officer role of the OPCC.
26. "Senior officers" is a generic term relating to all officers with managerial responsibility for resources and their use.
27. 'Employees' when referred to as a generic term shall refer to police officers, police staff and other members of the wider police family.
28. The expression 'authorised officer' refers to employees authorised by a chief officer.

29. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the Commissioner, the Force or their affiliated bodies.
30. The expression 'best value for money' shall mean the most economic, efficient and effective means of meeting the need and takes account of whole life costs.
31. The expression 'he' shall refer to both male and female.
32. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure

## **SECTION A**

### **FINANCIAL MANAGEMENT FRAMEWORK**

#### **A1 INTRODUCTION**

- 1.1 The Home Office advises on the roles and responsibilities of the PCC, the Force and statutory officers. The PCC CFO and the CC CFO have certain statutory obligations and the PCC Monitoring Officer a specific monitoring role.
- 1.2 As far as possible financial management should be delegated to the PCC CFO and the CC CFO acting on behalf of the Commissioner and the CC respectively. The CC should actively encourage devolution of financial budgets within the Force, provided that the financial information used to support this devolution is reliable, accurate, timely and complete.
- 1.3 Devolved budget monitoring responsibilities will ensure greater accountability within the Force.
- 1.4 The PCC has responsibility for the Police Fund with the specific responsibilities of the PCC and CC being defined in the Home Office FMCOP. The professional responsibilities of the PCC CFO and CC CFO are defined in the FMCOP and in a CIPFA Statement.

#### **A2 THE ROLE OF THE PCC**

2.1 The role and responsibilities of the PCC include to:

- Ensure an efficient and effective Police Service and to hold the Police to account on behalf of the public. The Commissioner is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the Commissioner will provide professional advice and recommendations.
- Prepare revise and update a Police and Crime Plan
- Appoint a Chief Financial Officer to be responsible for the proper administration of the Commissioner's financial affairs. The Commissioner shall provide his Chief Finance Officer with such staff, accommodation and other resources that are sufficient to allow the duties under this section to be

performed. He shall also appoint a Chief Executive who will act as the Commissioner's monitoring officer.

- Agree a budget requirement and capital programme and set the precept following advice from the PCC CFO in liaison with the CC CFO and in consultation with the Police and Crime Panel (PCP).
- Rigorously scrutinise, challenge and monitor aspects of financial performance and, if required, agree action taken to contain spending within approved plans. The Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- Identify and agree the medium term financial strategy of the PCC and any long term spending commitments.
- Agree the Treasury Management Strategy and policies, including the annual investment strategy
- Participate in inspections and audits of the Force and the PCC.
- Comply with all relevant codes of conduct and maintain the highest standards of conduct and ethics.
- Approve Financial Regulations and any amendments to them, as drawn up between the PCC Monitoring Officer, the CC, the PCC CFO and the CC CFO.
- Ensure that the internal control environment meets proper requirements including a Risk Management Strategy and recommendations from internal and external audit are actioned.
- Be responsible for the ownership of property including the Asset Management Strategy
- Delegate financial management of the Force budget to the CC and CC CFO so that the CC CFO has as much day to day responsibility for financial management of the Force as possible within the framework of the agreed budget and rules of virement.
- Be responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.



- Where appropriate draw up financial procedures (subject to these Financial Regulations) to apply specifically to the Office of the Police and Crime Commissioner.
- The Commissioner may appoint a Deputy Police & Crime Commissioner who may exercise some of the functions of the Commissioner as determined by the Scheme of Governance.

### **A3 THE ROLE OF THE CC**

3.1 The role and responsibilities of the CC in relation to financial management include to:

- The Chief Constable shall appoint a Chief Finance Officer to be responsible for the proper administration of the Chief Constable's financial affairs.
- Ensure overall financial management of the Force and report financial management issues and implications to the PCC.
- The CC shall prepare Financial Regulations for the Force, in consultation with CC CFO (in liaison with the PCC CFO). The CC shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.
- Comply with financial policies and procedures for use by the Force including the Scheme of Delegation, ensuring that officers and staff comply with them and with the Force's own Financial Regulations.
- Draw up financial policies and financial instructions in consultation with the CC CFO (in liaison with the PCC CFO), who must be satisfied that they provide for effective managerial control and review.
- Exercise delegated financial responsibilities and assume, with his staff, as much day-to-day responsibility for financial management of the Force as possible within the framework of the agreed budget and rules of virement.
- Seek approval from the Commissioner when he intends to make significant change of policy or seeks to move significant sums, in accordance with agreed virement rules, of their budget
- Ensure the provision of professional advice to the PCC.

- Ensure proper financial management of resources allocated to him/her through the budget or arising from income generated by activities within the operational area, including control of officers, staff, security, custody and the management and safeguarding of assets. Ensure all resources are used efficiently and effectively.
- Where delegated by the PCC administer property and contracts.
- Advise the PCC on financial propriety for areas under his/her control.

#### **A4 THE ROLE OF THE AUDIT COMMITTEE**

- 4.1. The Home Office Financial Management Code of Practice states that the Commissioner and Chief Constable should establish an independent audit committee. The code recommends this be a combined body which will consider the internal and external audit reports of both the Commissioner and the Chief Constable. This committee will advise the Commissioner and the Chief Constable according to good governance principles and will embrace appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Panel the Commissioner and Chief Constable shall have regard to CIPFA Guidance on Audit Committees.
- 4.2. The Audit Committee shall comprise of no fewer than three and no more than five members who are independent of the Commissioner and the Force.
- 4.3. The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis
- 4.4. The Commissioner and Chief Constable shall be represented at all meetings of the Audit Committee.
- 4.5. The terms of reference for the Audit Committee cover requirements in relation to Internal and External Audit appointments, plans and reports, HMIC reports, risk management, VFM, governance, annual accounts and related reports.

## A5 THE ROLE OF STATUTORY OFFICERS

### PCC CFO

5.1. The PCC CFO has responsibility for proper financial administration and stewardship, which includes a personal fiduciary responsibility to the local council taxpayers.

5.2. These roles have statutory responsibilities specified by:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011. (PCC CFO)
- Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011 (CC CFO)
- Section 151 of the Local Government Act 1972 which requires arrangements to be made for the proper administration of the PCC's and CC's financial affairs.
- Section 114 of the Local Government Finance Act 1988 which requires the Statutory Finance Officer to report to the PCC and the CC if the PCC or the CC or one of their staff:
  - has made, or is about to make, a decision which involves incurring unlawful expenditure,
  - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency,
  - is about to make an unlawful entry in the PCC or CC's accounts.
- The Accounts and Audit Regulations 2015.

5.3. The PCC CFO is the principal professional adviser on financial matters to the PCC. To enable him/her to fulfil these duties and to ensure the PCC is provided with adequate financial advice the PCC CFO:

- Must be a key member of the respective organisation's Leadership Team, (working closely with the Chief Executive), helping the team to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategies;
- Must lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and

- Must ensure that the finance function is resourced to be fit for purpose.

5.4. It must be recognised that Financial Regulations cannot foresee every eventuality. The PCC CFO shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

5.5. The role and responsibilities of the PCC CFO, which are undertaken in consultation with the PCC Monitoring Officer, are to:

- Ensure that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date and accounting standards applied consistently.
- Ensure regularity, propriety and Value for Money (VfM) in the use of public funds.
- Ensure that the funding required to finance agreed programmes is available from Central Government funding, precept, other contributions and recharges.
- Report to the PCC, the PCP and to the external auditor:
  - Any unlawful, or potentially unlawful, expenditure by the PCC or staff of the PCC.
  - When it appears that expenditure is likely to exceed the resources available to meet that expenditure.
- Advise the PCC on a budget requirement and capital programme and the robustness of the budget and adequacy of financial reserves.
- Advise the PCC in respect of the Treasury Management Strategy and policies prepared by the CC CFO
- Ensure production of the statements of accounts of the PCC.
- Ensure receipt and scrutiny of the statements of accounts of the Chief Constable and ensuring production of the group accounts.
- Liaise with the external auditor.
- Advise the PCC on the application of Value for Money principles by the Force to support the PCC in holding the Chief Constable to account for efficient and effective financial management.
- Advise, in consultation with the PCC Monitoring Officer, on the safeguarding of assets, including risk management and insurance.
- Ensure that accurate, complete and timely financial management information is provided to the PCC.
- Arrange for the determination, issue and payment of the precept.
- Assist the PCC to monitor the revenue and capital budgets.
- Secure, in liaison with the CC CFO, the provision of an effective internal audit service. Ensure there is a safe and efficient financial arrangements including a system of effective internal control.

- Be responsible for all banking arrangements and authorise the creation and closure of any account

The PCC CFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Commissioner on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Commissioner's accounts, including group accounts incorporating the accounts of the CC..

In the absence of the PCC CFO his roles and responsibilities may be fully exercised by the Deputy PCC CFO (the Strategic Resources Officer), except for certain statutory duties which cannot be delegated.

5.6. The PCC CFO, in consultation with the PCC Monitoring Officer, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPCCN .

## **PCC MONITORING OFFICER**

5.7. The Chief Executive is also the Commissioner's designated monitoring officer, appointed under the Police Reform and Social Responsibility Act 2011, and is responsible for the leadership and general administration of the Commissioner's office.

5.8. The role and responsibilities of the PCC Monitoring Officer in relation to financial management are to;

- Enable the PCC to fulfil his/her statutory responsibilities.
- Ensure the legality of the actions of the PCC and his officers.
- Ensure that procedures for recording and reporting PCC decisions are operating effectively.
- Advise the PCC and CC about who has authority to take a particular decision.
- Advise the PCC and CC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- Ensure the provision of information and reports required by the PCP.
- Ensure the PCC meets his obligations in relation to statutory publications including the Police and Crime Plan, Annual Report and Council Tax Leaflet.
- Develop a strong partnership with the PCC and CC ensuring the provision of effective and efficient policing is fulfilled.

- Undertake the role of designated Monitoring Officer to detect and report any illegality or maladministration.
- Advising the Commissioner on matters relating to standards of conduct.

## **A6 FINANCIAL MANAGEMENT STANDARDS**

### **Overview & Control**

6.1. The PCC and all staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

6.2. The PCC shall receive updates on the financial performance by way of ongoing budget monitoring and outturn reports, reports by Internal Audit, HMIC and External Audit.

### **Key Controls**

6.3. The key controls and objectives for financial management standards are:

- Their promotion throughout the organisation. The PCC shall ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- A monitoring system to review compliance with financial standards, and regular comparisons of performance indicators with benchmark standards that are reported to the Audit Committee.
- All staff are to be properly managed, developed, trained and have adequate support to carry out their financial duties effectively. The PCC shall ensure that specific duties and responsibilities in financial matters are made clear to individual members of staff and that these are properly recorded.
- Systems of internal control are in place that ensures financial transactions are lawful.
- Suitable accounting policies are selected and applied.
- Proper accounting records are maintained.
- Financial statements are prepared, which present fairly the financial position of the PCC, including expenditure and income.

## **Responsibilities of the Statutory Officers**

6.4. The responsibilities of Statutory Officers for financial management are:

- To ensure the proper administration of the financial affairs of both legal entities.
- To ensure that proper practices are adhered to.
- To ensure financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- To advise on the key strategic controls necessary to secure sound financial management.
- To ensure that all staff are aware of, and comply with, proper financial management standards including these Financial Regulations.
- To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- To report any actual or potential breaches of the law or maladministration to the PCC CFO or the Monitoring Officer.

## **A7 ACCOUNTING RECORDS AND RETURNS**

### **Overview and Control**

7.1. Maintaining proper accounting records is one of the ways in which the Commissioner will discharge his/her responsibilities for stewardship of public resources. The Commissioner has a responsibility to prepare annual accounts that present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

7.2. The PCC CFO in liaison with the CC CFO is responsible for determining the accounting policies of the PCC and CC, in accordance with recognised accounting practices, and for approving strategic accounting systems and procedures. All officers and staff are to operate within the required accounting policies and published timetables.

7.3. Financial systems are used to record the financial transactions of the PCC and CC. With possible minor exceptions, these are electronic systems.

## **Key Controls**

7.4. The key controls for accounting records and returns are:

- Finance staff and those authorised to make expenditure operate within the required accounting standards and timetables.
- All of the organisation's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
- Reconciliation procedures are carried out to ensure transactions are correctly recorded.
- Prime documents are retained in accordance with legislative and other requirements.
- Proper system of internal control such that:
  - staff with the duty of examining or checking the accounts of cash transactions must not themselves be originators or approvers of these transactions
  - the duties of providing information about sums due to or from the PCC and calculating, checking and recording these sums, are to be separated from the duties of collecting or disbursing them

## **Responsibilities of the Statutory Officers**

7.5. The PCC CFO shall:

- To determine the accounting procedures and records, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures in place.
- Ensure that there is agreement with the CC CFO before making any fundamental changes to accounting records and procedures or accounting systems.
- Ensure that all employees operate within the required accounting policies and timetables.
- Make proper arrangements for the audit of the Commissioner's and Force's accounts in accordance with the Accounts and Audit Regulations 2015.
- Ensure that all claims for funds, including grants are made by the due date.
- Prepare and publish the audited accounts in accordance with the statutory timetable.



- Ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- Maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
- Ensure that reconciliation procedures are carried out on recognised control accounts on an agreed timetable to ensure transactions are correctly recorded.
- Ensure that Financial Instructions provide details of retention periods. The format of such documents shall satisfy the requirements of internal and external audit, and appropriate staff are provided with a detailed schedule of requirements.

## **A8 THE ANNUAL STATEMENT OF ACCOUNTS**

### **Overview and Control**

8.1. The PCC and CC have a statutory responsibility to prepare accounts to present fairly their operations during the year. The PCC CFO and CC CFO are responsible for the preparation of the accounts in accordance with proper practices as set out in *the Code of Practice on Local Authority Accounting in the United Kingdom: (The CODE)* and with the Accounts and Audit Regulations 2003, 2006, 2011 and 2015.

The Commissioner has a statutory responsibility to prepare the accounts relating to the Office of the Police & Crime Commissioner and also the Group Accounts for both entities. These must present fairly the financial position of organisation's and be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

**The Commissioner is responsible for approving these annual accounts.**

### **Key Controls**

8.2. The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly and that proper accounting practices have been followed.

8.3. The PCC is required to make arrangements for the proper administration of its financial affairs.

8.4. The PCC statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

### **Responsibilities of the Statutory Officers**

8.5. The PCC CFO and CC CFO shall:

- Ensure that there is a timetable for final accounts preparation, in consultation with the PCC, CC, JIAC and external auditor.
- Select suitable accounting policies within the overall agreed approach and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Comply with the Code.
- Prepare, sign and date the statement of accounts, stating that it presents truthfully and fairly the financial position at the accounting date and its income and expenditure.
- Publish the approved and audited accounts each year, in accordance with the statutory timetable and to produce summary accounts for publication on the website.

8.6. The PCC and CC shall consider for approval the annual accounts in accordance with the statutory timetable.

## **SECTION B**

### **FINANCIAL PLANNING AND CONTROL**

#### **B1 FINANCIAL PLANNING**

##### **Overview and Control**

- 1.1. The PCC is a complex organisation. Systems are needed to enable scarce resources to be allocated in accordance with carefully judged priorities. Proper financial planning is essential if the PCC is to function effectively.
- 1.2. The financial planning process will be directed by the approved policy framework, a business planning process and a need to meet key objectives.
- 1.3. The planning process will be continuous and the planning period will cover at least four years. The process should include a more detailed annual budget, covering the forthcoming financial year. This allows the PCC to plan, monitor and manage the way funds are allocated and spent. This should be used to support the Police and Crime Plan and the alignment of business and financial planning.
- 1.4. The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the rules around virement operate.

##### **Medium Term Financial Planning**

##### **Responsibilities of the Statutory Officers**

- 1.5. The PCC CFO and the CC CFO are responsible for ensuring that a medium term financial plan for at least four years ahead is prepared. The Plan should be submitted to the PCC and be subject to review during the Financial Year. The Plan should be informed by:
  - The Police and Crime Plan
  - policy requirements approved by the PCC as part of the policy framework
  - the risk management policy ensuring that risk appraisals are embedded throughout the forecast

The Plan should set out:

- the forecast
- unavoidable future commitments, including legislative requirements
- initiatives already underway

- spending patterns and pressures revealed through the budget monitoring process
  - efficiency and savings requirements
  - proposed service developments and plans
  - revenue consequences of capital spending proposals
  - taxation or other constraints
  - public and partner consultation
- 1.6. The PCC shall prepare at least a four year forecast of potential resources, including options for transfers to and from general balances and earmarked reserves and use of provisions, based upon an interpretation of government funding assumptions and all other available information. This will include potential implications for local taxation.
- 1.7. A gap may be identified between available resources and required resources. Requirements should be prioritised carefully by the PCC and CC to enable best informed judgements as to future funding levels and planning the use of resources.
- 1.8. The PCC and CC shall integrate financial and budget plans into service planning so that such plans can be supported by financial and non-financial performance measures.
- 1.9. The PCC is responsible for agreeing, in consultation with the CC, Section 22/23 agreements and other collaborative operational arrangements between Forces and to keep under consideration the ways in which the collaboration functions could be exercised by the policing body and by one or more other persons to improve:
- (a) The efficiency or effectiveness of:
    - (i) that policing body,
    - (ii) the police force which that policing body is responsible for maintaining, or
    - (iii) that body and that force, and
  - (b) The efficiency or effectiveness of one or more other policing bodies and police forces

Both the PCC and CC will sign these agreements

## **Annual Revenue Budget Preparation**

### **Overview and Control**

- 1.10. The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the Commissioner's strategic policies.
- 1.11. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined in accordance with the limits detailed in Section F.
- 1.12. The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate (see para's 2.18 to 2.25 and section F2), the operation of cash limits and sets the level at which funds may be reallocated within budgets.
- 1.13. The Commissioner will consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget, which will include a separate force budget. This will also take into consideration funding from government and other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirement to achieve a balanced budget (Police Reform and Social Responsibility Act 2011) and which is completed in accordance with the statutory timeframe. The PCC will set out each year how he/she expects the funds provided to the CC for policing will be applied

### **Key Controls**

- 1.14. The key controls for the budget are:
- The format complies with all legal requirements.
  - The format complies with CIPFA's Code of Practice.
  - The format reflects the accountabilities of service delivery.

### **Responsibilities of the Statutory Officers**

- 1.15. The Commissioner should agree the budget planning timetable with the Chief Constable.

- 1.16. To obtain the views of the local community on proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates (Police Reform and Social Responsibility Act 2011).
- 1.17. To present the proposed council tax implications and precept requirement with the budget to the Police and Crime Panel at their meeting in early February
- 1.18. The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial plan should be clearly identified.
- 1.19. The format of the budget is to comply with all legal requirements and with the latest guidance issued by CIPFA and approved by the PCC CFO
- 1.20. The PCC CFO to ensure timely and accurate information is to be obtained from billing authorities on the council tax base and the latest surplus/deficit position on collection funds to inform budget deliberations.
- 1.21. The PCC CFO is to advise the Commissioner on the appropriate level of general balances, earmarked reserves and provisions to be held.
- 1.22. The PCC CFO to the Commissioner is to submit a report to the Commissioner on:
  - The robustness of the estimates in the proposed Budget and the adequacy of the proposed reserves.
  - The prudential and treasury management indicators for the next three years.
- 1.23. Upon approval of the annual budget, the PCC CFO is to submit the council tax requirement form to central government and precept notifications to appropriate bodies in accordance with legal requirements.
- 1.24. The PCC CFO to produce, in accordance with statutory requirements, the council tax information leaflet.
- 1.25. Prior to the final budget being agreed, the CC CFO is to prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the PCC CFO.

## **B2 BUDGETARY CONTROL**

### **Overview and Control**

- 2.1. Budget management ensures that once the PCC has approved the overall budget, resources allocated are used for their intended purpose, subject to virement rules, and are properly accounted for. Budgetary control is a continuous process, enabling the PCC to review and adjust budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

### **Key Controls**

- 2.2. There is a nominated budget manager for each cost centre or account code heading who is accountable for the budgets under his direct control.
- 2.3. Budget Managers shall accept accountability for the budgets under their management and the level of service to be delivered and understand their financial responsibility.
- 2.4. Management of budgets must not be seen in isolation. It should be undertaken in conjunction with service outcomes and performance measures.
- 2.5. For strategic monitoring and management purposes, the budget shall identify operational policing, other policing costs, PCC costs, financing items and transfers to and from general balances and earmarked reserves.

## **Revenue Budget and Capital Programme Monitoring**

### **Overview and Control**

- 2.6. By continuously identifying and explaining variances against budgetary targets changes in trends and resource requirements can be identified at the earliest opportunity.
- 2.7. To ensure that the PCC in total does not overspend, each Budget Manager is required to manage expenditure within their budget allocation. All budget

officers responsible for committing expenditure must comply with relevant guidance and Financial Regulations.

## **Key Controls**

2.8. The key controls for managing and controlling the revenue budget are:

- Budget managers should be responsible only for income and expenditure that they can influence.
- Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.
- Budget managers follow an approved certification process for all expenditure.
- Income and expenditure are properly recorded and accounted for.
- Performance levels are monitored in conjunction with the budget and necessary action is taken to align outputs and budget.

## **Responsibilities of the Statutory Officers**

2.9. To provide appropriate financial information in a form determined by the PCC CFO, to enable budgets to be monitored and reported effectively.

2.10. To ensure that each element of income or expenditure has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits the expenditure – usually at cost centre level. The CC shall ensure also that a nominated officer is responsible for monitoring income and expenditure against the pensions account.

2.11. It is the responsibility of budget holders to manage income and expenditure within their area and to monitor performance, taking account of financial information provided. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PCC CFO, including any variances within their own areas. Budget Managers will also take any action necessary to avoid exceeding their budget allocation and alert the PCC CFO to any problems.

2.12. The PCC CFO shall ensure that budget holders receive sufficient financial support to enable them to undertake the budgetary control responsibilities.

2.13. The CC shall ensure as far as possible that total spending for operational policing remains within the allocation of resources and takes, where possible, corrective action where significant variations from the approved budget are



forecast. Where total projected expenditure is likely to exceed the allocation of resources, the PCC CFO shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process. The same responsibilities apply to the Chief Executive and PCC CFO for their budgets.

2.14. The CC CFO shall submit a budget monitoring report monthly to the PCC containing the most recently available financial information. The monitoring reports shall compare projected income and expenditure with the latest approved budget allocations.. The reports shall be in a format agreed by the PCC CFO.

2.15. The PCC CFO to co-ordinate a budget monitoring report for presentation to the Police & Crime Panel, as necessary, containing the most recently available financial information.

## **Resource Allocation**

### **Overview and Control**

2.16. Available financial resources are inevitably limited. It is therefore imperative that spending is rigorously prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

### **Key Controls**

2.17. The key controls for resource allocation are;

- Resources are acquired in accordance with the law and using an approved authorisation process
- Resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for.
- Resources are securely held for use when required.
- Resources are used with the minimum level of waste, inefficiency or loss for other reasons

## **Virement**

### **Overview and Control**

2.18. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure. A budget head is considered to be a line in

the approved budget report. For clarity these are defined as the budget lines immediately below the Force and OPCC headings which are reported on in both the Budget and monitoring reports. The scheme of virement is intended to enable senior officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

2.19. The overall budget is agreed by the PCC and budget managers are expected to incur expenditure in accordance with the estimates that make up their budget, subject to agreed virement rules, and within the limit of total resources allocated. Virement should not be allowed to create additional overall budget liability. Senior officers are expected to exercise discretion in managing budgets responsibly and prudently. Virements are not to be used as a tool to create future commitments. Therefore, it is vital that virement decisions do not lead to additional future spending without the prior approval of the PCC CFO.

2.20. Overall, the rules on virement are designed to allow the CC greater flexibility to meet operational requirements and to facilitate the decision making process. The CC shall still be held to account by the PCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require reports on significant changes.

2.21. The PCC can withdraw the ability for virement in any year should he/she feel it is prudent to do so.

## **Key Controls**

2.22. The key controls for the scheme of virement are:

- The PCC is responsible for any transfers to and from PCC balances.
- It is administered by senior officers within delegated powers given by the Commissioner. Any variation from this scheme requires approval of the Commissioner.
- The overall budget is agreed by the Commissioner. Budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget
- Virement does not create additional overall budget liability.
- By definition all virement is a net nil
- Each senior officer shall ensure that virement is undertaken to maintain the accuracy of budget monitoring.

## **Responsibilities of the Statutory Officers**

2.23. Subject to 2.20 it is a requirement that the PCC CFO approves all virement requirements of the CC

2.24. Each budget monitoring report reported to the PCC shall contain details where revised budgets or forecast income and expenditure varies to a significant degree from the original approved budget. However any virement over £100,000 that is identified between reports should be reported to the PCC CFO immediately. Each budget monitoring report should include any virement requests for approval by the PCC CFO or PCC as necessary

2.25. The approval of the Commissioner shall be required:

- As part of updating the budget through the budget monitoring process
- If an approved change of policy results in a virement requirement.
- If the virement results in a significant addition to commitments in future years

## **Treatment of Year End Balances**

### **Overview and Control**

2.26. A year end balance is the amount by which actual income and expenditure including capital costs varies from the final budget, normally identified at devolved budget holder level. Arrangements may be necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year. All carry forwards are to be approved by the PCC at year end for each financial year

2.27. As part of the monitoring and control process, reporting of potential variations from budget and proposals for reallocation of resources shall be made as early as possible in the financial year. All reasonable endeavours shall be taken to provide a service that matches the approved budget.

2.28. There may be occasions when an overall overspend position occurs, particularly where exceptional events occur so close to the end of the financial year that a balanced outturn position is not possible. In this event, the overspend will be funded initially from General Balances.

## **Key Controls**

- 2.29. Devolved budget holders who overspend their budget in any financial year may have their devolved budget reduced for the following financial year up to the amount of overspend, subject to the determination of the PCC.
- 2.30. As a default position, any underspends against budgets will be taken to reserves. For the Force any exception to this policy must be proposed by the CC in consultation with the CC CFO and determined by the PCC in consultation with the PCC CFO. For the PCC any exception to this policy must be proposed by the PCC CFO and determined by the PCC

## **B3 CAPITAL PROGRAMME**

### **Overview and Control**

- 3.1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the PCC, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments for the future in the form of financing costs and revenue running costs.
- 3.2. The PCC is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. Capital expenditure and financing should be managed in accordance with the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 3.3. The capital programme should be linked to capital strategies including the Estates Strategy, the ICT strategy and the Transport Strategy.
- 3.4. A report should be addressed to the PCC annually to formally report the performance against prudential indicators in accordance with the Local Government Act 2003 and the Prudential Code for Capital Finance. Assurance should be provided during the year as part of budget monitoring reports on compliance with the prudential indicators.

### **Key Controls**

- 3.5. Capital expenditure on land and buildings should be in accordance with the requirements of the approved capital strategies.

- 3.6. The PCC CFO shall ensure that a business case is prepared for each project and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.
- 3.7. The results of the appraisal shall provide evidence for the scheme's viability and inclusion in the proposed capital programme, including a recommended solution resulting from consideration of the business case / option appraisal.
- 3.8. Schemes proposed after the annual budget meeting for inclusion in the capital programme during the current financial year shall be submitted to the PCC in accordance with the limits shown in Section F.
- 3.9. Each individual scheme will have a nominated budget manager who will be accountable for that project. The budget manager's responsibilities include the monitoring of progress in conjunction with expenditure and comparison with approved budget

### **Responsibilities of the Statutory Officers**

- 3.10. The PCC CFO in liaison with the CC CFO shall prepare at least a four year rolling programme of proposed capital expenditure for submission to the PCC and the PCP. This shall cover the forthcoming financial year and the following three years. Each scheme shall identify the total capital cost of the project, any additional revenue commitments and a named budget manager who is responsible for the project and will report on progress. The PCC will determine the Capital Programme and will also determine the overall monitoring arrangements of the delivery of the Capital Programme.
- 3.11. The PCC CFO shall identify funding for the capital programme, including the identification of potential capital receipts. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.
- 3.12. A gap may be identified between available resources and required resources. In these instances requirements of the Force should be prioritised carefully by the CC CFO to enable the PCC to make the best informed judgements as to future funding levels and planning the use of resources.
- 3.13. No capital expenditure shall be incurred unless the scheme is included in the capital programme approved by the PCC or as subsequently modified. In this respect, the vehicle replacement programme, equipment replacement

programme and ICT replacement programme shall each be regarded as one scheme.

- 3.14. Schemes within the Capital Programme will be required to pass through the Stage Gate process before any final approval to commit expenditure is given. The Stage Gate process is:
- Stage Gate 1 – Agreement to strategic shaping and prioritisation by Transformation Board.
  - Stage Gate 2 – Transformation Board agreement to the Programme Brief (or Project Initiation Document in the case of a project) and, at least, Initial Equality Impact Assessments
  - Stage Gate 3 – Transformation Board agreement to detailed design work (Detailed delivery plan, operating model and/or Business case)
- 3.15. Detailed estimates for each scheme in the approved capital programme shall be prepared as part of the option appraisal before tenders are sought or commitments made. Schemes need not be referred back to the PCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section F (3.2).
- 3.16. Arrangements covering variations in contract conditions and prices are covered to be managed in accordance with the scheme of consent.
- 3.17. Finance and operating leases and any other credit arrangements shall not be entered into without the prior approval of the PCC and sufficient revenue resources must be available to meet the repayments.
- 3.18. The CC shall submit capital monitoring reports to the PCC monthly containing the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme.. The reports shall be in a format agreed by the PCC CFO in liaison with the CC CFO. It is the responsibility of budget holders to manage capital expenditure estimates, taking account of financial information provided by the CC CFO. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PCC including any variances within their own areas. Budget Managers should also take any action necessary to avoid exceeding their budget allocation and alert the PCC to any problems.
- 3.19. The CC CFO shall report to the PCC projections of spending on individual capital projects and reasons for significant changes to the Programme including spending slipping between financial years.

- 3.20. The CC CFO shall report capital expenditure for the year and cumulative expenditure on individual schemes to the PCC as part of the closure of accounts arrangements.
- 3.21. The CC CFO shall take steps to ensure that any external funding that is subject to a specific timescale is, wherever possible, fully utilised within that timescale.
- 3.22. Where there is a requirement such as the adherence to the Accounting Standards (AS) that requires budget or expenditure to be interchanged between capital and revenue, the CC CFO or their delegate can affect such accounting adjustments.

## **B4 MAINTENANCE OF BALANCES AND RESERVES**

### Overview and Control

- 4.1. General fund balances are maintained as a matter of prudence. They enable the PCC to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. They provide mitigation against adverse financial implications. Earmarked reserves for specific purposes may also be maintained where it is likely that a liability will arise in the future.

The Commissioner will approve the policy on reserves and balances and their planned use as part of the annual budget setting process.

### **Key Controls**

- 4.2. The key controls for maintaining reserves are:
- To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A statement of Recommended Practice (CIPFA) and agreed accounting policies.
  - For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
  - Authorisation and expenditure from reserves by the PCC CFO.

## **Responsibilities of the Statutory Officers**

- 4.3. The PCC CFO shall advise the PCC on reasonable levels of general fund balances and earmarked reserves and take account of professional best practice.
- 4.4. When the annual budget and capital programme are submitted to the PCC for approval and for consultation with the PCP, the PCC CFO is required to advise on the adequacy of the PCC's balances and reserves.
- 4.5. The PCC shall approve the creation and transfers to and from general balances and reserves. The purpose, usage and basis of transactions should be clearly identified for each reserve established.



## **SECTION C**

### **MANAGEMENT OF RISK AND RESOURCES**

#### **C1 RISK MANAGEMENT**

##### **Overview and Control**

- 1.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to the PCC. This should include the proactive participation of all those associated with planning and delivering services.
- 1.2. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the threat or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued corporate and financial wellbeing of the organisation. In essence it is, therefore, an integral part of good business practice.
- 1.3. Procedures should be in place to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

##### **Key Controls**

- 1.4. The key controls for risk management are:
  - A Risk Management Policy is in place and has been promoted throughout the organisation.
  - The Policy identifies the Risk Appetite of the organisation.
  - Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the organisation.
  - A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.

- Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
- Provision is made for losses that might result from the risks that remain.
- Procedures are in place to investigate insurance claims within required timescales.
- Acceptable levels of risk are determined and insured against where appropriate.
- The organisation has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

### **Responsibilities of the Statutory Officers**

- 1.5. The PCC CEO is responsible for ensuring a Risk Management Policy is prepared within the Commission. He is responsible for promoting a culture of risk management awareness, reviewing risk management as an ongoing process and reporting on a half yearly basis, a corporate risk register.

To implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of the risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

- 1.6. To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis.
- 1.7. The PCC is responsible for approving the risk management policy statement and strategy, including determining the strategy for insurance, and for reviewing the effectiveness of risk management.
- 1.8. The CC CFO, in liaison with the PCC CFO, is responsible for advising the PCC on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
- 1.9. The CC CFO shall;
- ensure that insurance cover is provided within the terms of the approved strategy and take account of all new risks as appropriate

- ensure that claims made by the CC against insurance policies are made promptly
- negotiate all claims in consultation with other officers where necessary
- notify the PCC promptly of all new risks that require insurance and of any alterations affecting existing insurance
- make all appropriate staff aware of their responsibilities for managing relevant risks and provide information on risk management initiatives be responsible for risk management.
- ensure there are regular reviews of risk across the service.
- ensure that staff, or anyone covered by the PCC's insurance, are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- ensure all appropriate staff are aware of their responsibilities to notify the CC immediately of any loss, liability or damage that may lead to a claim against the PCC together with the information required
- approve, before any contract for works is made, the insurance cover to be furnished by the contractor in respect of any act or default unless the PCC chooses to provide insurance cover itself.

1.10. The CC CFO shall be authorised to settle insurance liability claims up to the value shown in Section F. Beyond this value, claims must be referred to the PCC for approval.

1.11. The CC CFO shall be authorised to settle claims subject to decision by Employment Tribunal up to the value shown in Section F. Beyond this value, claims must be referred to the PCC for approval.

1.12. The CC CFO shall present an annual written claims report to the PCC summarising activity for the year.

1.13. The PCC Chief Executive shall evaluate and authorise any terms of indemnity that the PCC is requested to give by external parties.

## **C2 INTERNAL CONTROLS**

### **Overview and Control**

2.1. Internal control refers to the systems of control devised by management to help ensure PCC objectives are achieved in a manner that promotes economical,

efficient and effective use of resources and that assets and interests are safeguarded.

- 2.2. The PCC requires internal controls to manage and monitor progress towards strategic objectives. The PCC also has statutory obligations and, therefore, require internal controls to identify, meet and monitor compliance with these obligations.
- 2.3. The PCC faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks. The system of internal controls is established in order to provide measurable achievement of:
  - Efficient and effective operations.
  - Reliable financial information and reporting.
  - Compliance with laws and regulations.
  - Risk management.

## **Key Controls**

- 2.4. The key controls for internal control systems are:
  - Managerial, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
  - Financial and operational procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
  - An effective internal audit function, which operates in accordance with CIPFA's Code of Practice for Internal Audit and with any other relevant statutory obligations and regulations.

Key controls should be reviewed on a regular basis and the PCC should make formal statements annually to the effect that they are satisfied that the system of internal control operates effectively.

## **Responsibilities of the Statutory Officers**

- 2.5. The PCC is responsible for implementing effective systems of internal control and the PCC CFO, for advising on such. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.
- 2.6. The PCC shall ensure that internal controls exist for managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
- 2.7. The PCC shall ensure that internal controls exist for financial and operational systems and procedures. This includes physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.
- 2.8. The PCC shall agree and sign an Annual Governance Statement following a review of systems of internal control. This statement will be included in the Group Accounts. The statement should be signed by the Commissioner, and the Chief Executive. The Accounts and Audit Regulations 2003, 2006 and 2011 require the PCC to review Internal Control arrangements at least annually.
- 2.9. The PCC shall have an Audit Committee (section A4 refers) which has a responsibility for the continual oversight of corporate governance, internal control and risk management. The terms of reference of the Committee should include the following key requirements:
  - to provide proactive and effective leadership on audit and governance issues and champion both audit and the embedding of risk management by all PCC staff and all CC officers and staff;
  - to be assured as to the adequacy of financial and other controls, corporate governance (including an anti-fraud and corruption strategy), financial regulations, VFM, contract standing orders and risk management arrangements, and ensure that they are reviewed and revised;
  - to examine and consider a draft Annual Governance Statement, and to make any recommendations to the PCC in this respect.

2.10. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to the PCC and CC. The duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.

2.11. The PCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

## **C3 AUDIT REQUIREMENTS**

### **Internal Audit**

#### **Overview and Control**

- 3.1. The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2011 more specifically require that a relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems. The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice. Both the PCC and CC corporations sole are auditable bodies.
- 3.2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.3. Internal audit is required to comply with the Auditing Practices Board’s guidelines “Guidance for Internal Auditors”, as interpreted by CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom, along with any other statutory obligations and regulations.
- 3.4. The work of the Internal Audit function provides overall assurances to:
  - The PCC, the CC and JIAC that effective internal control systems are in place.
  - External Audit on financial systems and internal control are effective and external auditors may use the work of internal audit when carrying out their functions.

## **Key Controls**

3.5. The key controls for internal audit are:

- That it is independent in its planning and operation.
- That Internal audit has direct access to the PCC, the PCC Chief Executive, PCC CFO, CC, CC CFO and all levels of management.
- The internal auditors comply with the Code of Practice for Internal Audit issued by CIPFA.

## **Responsibilities of the Statutory Officers**

3.6. The PCC CFO, shall ensure the provision of an effective internal audit service.

3.7. The PCC and CC shall ensure that internal auditors have the authority to;

- Access premises at all reasonable times.
- Access all assets, records, documents, correspondence, control systems and appropriate personnel.
- Receive any information and explanation considered necessary concerning any matter under consideration.
- Require any staff to account for cash, stores or any other asset under their control.
- Access records belonging to third parties, such as contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

3.8. Any instances where the CC considers it inappropriate for internal audit to have the access detailed above, such as items considered to be of a sensitive operational nature, are to be confirmed with the PCC Chief Executive and PCC CFO.

3.9. The PCC CFO and the CC CFO, taking advice from internal audit and after consulting with the PCC and CC and external auditor, are responsible for ensuring an annual audit plan is prepared. The plan is to take account of the characteristics and relative risks of the activities involved.

3.10. The PCC CFO and the CC CFO shall submit the annual internal audit plan to the Audit Committee for consideration prior to the start of the forthcoming financial year.

- 3.11. The PCC and CC CFO shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
- 3.12. The PCC and CC CFO shall ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the PCC CFO and internal audit prior to implementation.
- 3.13. Internal audit shall provide an annual report to the Audit Committee summarising activities and findings for the year. This shall include an opinion on the effectiveness of the systems of internal control to support the Annual Governance Statement.
- 3.14. The PCC CFO shall be notified immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. Pending investigation and reporting, PCC CFO, CC CFO, senior managers should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall be conducted as detailed below:
- PCC  
PCC CFO shall agree any further investigative process. This may include disciplinary, criminal proceedings and/or dismissal.
  - FORCE  
Investigations will normally be carried out by the Professional Standards Department, who shall consult with the Internal Audit Manager as appropriate and keep him informed of progress. The operation of this Regulation shall be in accordance with the agreed protocol between the Professional Standards Department and Internal Audit and authorised by the PCC CFO and the CC CFO.

The PCC CFO will keep the chair of the JIAC informed of the suspected fraud.

At the conclusion of the investigation the Internal Audit Manager shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure that the risk of recurrence is minimised

- 3.15. Internal audit shall provide an undertaking to respect the confidential nature of the service and to employ suitable staff only.



## **External Audit**

### **Overview and Control**

3.16. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to the PCC and CC up to 2017-18 Accounts. From 2018-19 both the PCC and CC can appoint their own external auditors. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, and the Local Government Act 1999. The code of audit practice issued in April 2005 sets out the auditor's objectives to review and report upon:

- The audited body's financial statements and its statement on internal control, including the Annual Governance Statements.
- Aspects of the audited body's corporate governance arrangements
- Whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- Aspects of the audited body's arrangements to manage performance.

3.17. In auditing the accounts the external auditor must be satisfied that:

- The accounts are prepared in accordance with the relevant regulations.
- They comply with the requirements of all other statutory provisions applicable to the accounts.
- They "present fairly" the financial position of the organisation.
- Proper practices have been observed in the compilation of the accounts.
- The body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.

### **Key Controls**

3.18. The key controls for external auditors are

- External auditors are appointed by Public Sector Audit Appointments Ltd, which prepares a code of audit practice, which external auditors follow when carrying out their duties.
- External auditors are independent in their operation.

### **Responsibilities of the Statutory Officers**

3.19. The PCC CFO and the CC CFO shall liaise with the external auditor and advise the PCC and CC on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.

3.20. To provide the Audit Committee with :

- The external audit Annual Governance Report for consideration.
- The external audit annual work plan and fee are reported for approval.
- The Annual Audit Letter.

## **C4 PREVENTING FRAUD AND CORRUPTION**

### **Overview and Control**

- 4.1. The PCC will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside.
- 4.2. The PCC's expectation of propriety and accountability is that officers, staff, volunteers and members at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.3. The PCC also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act towards the PCC with integrity and without thought or actions involving fraud or corruption.

### **Key Controls**

- 4.4. The key controls regarding the prevention of financial irregularities are that:
  - There is an effective system of internal control.
  - The organisation has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption.

- All officers, staff, volunteers and members will act with integrity and lead by example.
- Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the organisation or who are corrupt.
- High standards of conduct are promoted amongst officers, staff, volunteers and members through adherence to codes of conduct.
- There is an approved Gifts, Gratuities and Hospitality Policy and procedure that must be followed. This includes the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
- Whistle blowing policy and procedures are in place and operate effectively.
- Legislation including the Public Interest Disclosure Act 1998 and the Bribery Act 2010 is adhered to.

### **Responsibilities of the Statutory Officers**

- 4.5. To ensure all staff act with integrity and lead by example.
- 4.6. The PCC is responsible for preparing an effective anti-fraud and anti-corruption policy and maintaining a culture that will not tolerate fraud or corruption and ensuring that internal controls are such that fraud or corruption will be prevented where possible.
- 4.7. The PCC shall prepare a policy for the registering of interests and the receipt of hospitality and gifts covering officers and staff. A register of interests and a register of hospitality and gifts shall be maintained for staff in a manner to be determined by the PCC.
- 4.8. The PCC shall prepare a whistle blowing policy to provide a facility that enables staff, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity that they are not malicious and that appropriate action is taken to address any concerns identified. The PCC shall ensure that all staff are aware of any approved whistle blowing policy.
- 4.9. To implement and maintain an adequate and effective internal financial framework clearly setting out the approved financial systems to be followed.
- 4.10. The PCC and the CC shall notify the PCC CFO and the CC CFO immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. This reporting fulfils

the requirements of Section 17 of the Crime and Disorder Act 1998. In such instances, the PCC, the CC, the PCC CFO and the CC CFO shall agree any further investigative process. Pending investigation and reporting, the PCC and CC shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

4.11. The PCC and CC may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

## **C5 MONEY LAUNDERING AND PROCEEDS OF CRIME**

### **Overview and Control**

- 5.1. The PCC has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.
- 5.2. The PCC and CC have nominated the CC CFO and PCC CFO to jointly perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.
- 5.3. The PCC and CC are responsible for ensuring that:
  - All officers and staff most likely to be exposed to or suspicious of money laundering situations are made aware of the requirements and obligations placed on the OPCCN and Constabulary and themselves by the legislation.
  - Those officers and staff considered most likely to encounter money laundering will be given appropriate training. The appropriate managers within the section will periodically identify and deliver training to all appropriate staff.
  - Procedures are established to help forestall and prevent money laundering including making arrangements for reporting concerns about money laundering to the MLRO.
  - Periodic and regular assessments are undertaken of the risks of money laundering.

## C6 ASSETS

### Overview and Control

6.1. The PCC holds assets in the form of land, property, vehicles, equipment, and other items. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register/inventory is a prerequisite for proper fixed asset accounting and sound asset management. The function of the asset register alongside an asset management plan is to provide the PCC with information about fixed assets so that they are:

- Safeguarded.
- Used efficiently and effectively.
- Adequately maintained.
- Valued in accordance with statutory and management requirements.

6.2. Intellectual property is a generic term that includes inventions and writing. If these are created by officers and staff during the course of employment, then, as a general rule, they belong to the PCC, not the officer or member of staff. Various Acts of Parliament cover different types of intellectual property. Certain activities undertaken within the PCC or the CC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. In the event that the PCC decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an approved intellectual property policy.

6.3. The PCC will own and fund all assets regardless of whether they are used by the PCC, by the force or by both bodies. However, with consent from the PCC, the CC through the delegation to the CC CFO can acquire property (other than land or buildings) as set out in the scheme of delegation and the standing orders for land & property.

6.4. The CC is responsible for the direction and control of the force and should therefore have day-to-day management of all assets used by the force.

6.5. The PCC should consult the CC in planning the budget and developing a medium term financial strategy. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

## **Key Controls**

6.6. The key controls for the security of resources and assets are:

- Resources are used only for approved purposes and properly accounted for.
- Resources are available for use when required.
- Resources no longer required are disposed of in accordance with the law and regulations so as to maximise benefits.
- An asset register is maintained for the organisation. Assets are recorded when they are acquired and this record is updated as changes occur with respect to the location and condition of the asset.
- All staff are aware of their responsibilities with regard to safeguarding the organisations assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- All staff are aware of their responsibilities with regard to safeguarding the security of the organisations computer systems, including maintaining restricted access to the information held on them and compliance with the organisations computer and internet security policies.

## **Security**

### **Responsibilities of the Statutory Officers**

6.7. To ensure that an asset register is maintained to provide information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory management requirements.

6.8. The CC CFO shall ensure that assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

6.9. To ensure that title deeds to property are held securely.

6.10. To ensure that no asset is subject to personal use by an employee without proper authority.

- 6.11. Attractive and portable items such as computers, cameras and recording devices should be identified with appropriate security markings.
- 6.12. To ensure that all staff are aware of their responsibilities with regard to safeguarding the PCC's assets, information and IT systems, including the requirements of the Data Protection Act, software copyright legislation and compliance with the information and security policies.
- 6.13. The CC shall ensure that title deeds to the PCC's property are held securely.
- 6.14. Lessees and other prospective occupiers of PCC land are not allowed to take possession of the land until a lease or agreement in a form approved by the CC is in place.
- 6.15. To ensure that assets no longer required are disposed of in accordance with the law and the regulations of the PCC.

## **Valuation**

### **Responsibilities of the Statutory Officers**

- 6.16. To maintain an asset register for all fixed assets in accordance with the Accounting Policies shown in the annual Statement of Accounts, in a form approved by the PCC CFO. Assets are to be recorded when they are acquired by the PCC and this record updated as changes occur with respect to location, condition and ownership. Assets are to be valued:
- in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: (The Code)
  - for insurance purposes
- 6.17. Assets may also be valued at market rates for asset management planning purposes where this is different from other valuations.
- 6.18. To arrange for the valuation of assets for accounting purposes.

## **Inventories**

### **Responsibilities of the Statutory Officers**

- 6.19. To maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown in Section F.
- 6.20. There shall be at least an annual check of all items on the inventory in order to verify location, review, and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. The annual check is to be undertaken by the responsible budget holder, who shall ensure that another member of staff is responsible for maintaining the inventory.
- 6.21. To make sure that property is only used in the course of the business, unless specific approval has been given.

## **Stocks and Stores**

### **Responsibilities of the Statutory Officers**

- 6.22. To make arrangements for the care, custody and control of stocks and stores and maintain detailed stores accounts in a form approved by the PCC CFO. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence.
- 6.23. A complete stock check is to be undertaken at least once per year either by means of continuous or annual stock take. The stock take shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure will be followed and a complete stock check undertaken whenever stock keeping duties change.
- 6.24. Where significant, values of stocks and stores at 31 March each year are to be certified and included in the annual accounts.
- 6.25. Discrepancies between the actual level of stock and the book value of stock for the Force may be written off by the CC CFO up to the level shown in Section F. Amounts for write off by the CC CFO above this value must be referred to the PCC for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.
- 6.26. Obsolete stock for the Force may be written off by the CC CFO up to the level shown in Section F. Amounts for write off above this value must be referred to the PCC for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.



## **Intellectual Property**

### **Responsibilities of the Statutory and Key Officers**

6.27. The PCC and CC jointly are responsible for preparing guidance on intellectual property procedures and ensuring that staff are aware of these procedures.

6.28. The PCC is responsible for approving an intellectual property policy.

## **Asset Disposal**

### **Responsibilities of the Statutory Officers**

6.29. Assets shall be disposed of provided they meet the following criteria:

- Have been declared surplus to requirements
- When in the best interests of the PCC,
- In accordance with the Police and Crime Plan
- In accordance with the approved Estate Strategy.
- At the most advantageous price.

The CC may dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section F (5.4). Where this is not the highest offer, the PCC shall prepare a report for the PCC outlining the reasons. Disposals above this value are to be reported to the PCC for prior approval.

6.30. The CC may dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section F (5.4). Where this is not the highest offer, the PCC CFO shall prepare a report for the PCC outlining the reasons.

6.31. Disposals above the value detailed in Section F (5.4) are to be reported to the PCC for prior approval and will generally be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value for the PCC.

6.32. All asset disposals shall be recorded in the asset register or inventory as appropriate.

6.33. The CC CFO shall inform the PCC CFO of any disposals that may have a significant impact upon the balance sheet.

6.34. To ensure that appropriate accounting entries are made to remove the value of the disposed assets from the Commissioner's records.

## **C7 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS**

### **Overview and Control**

7.1. The PCC and CC are large organisations. It is important that PCC and CC money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of all monies. All treasury management activities should be undertaken in accordance with the CIPFA Treasury Management Code.

### **Key Controls**

- 7.2. The key controls for treasury management are:
- That the PCC borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and the Prudential Indicators and with the PCC treasury management strategy statement.
  - Suitable Treasury Management Practices (TMP) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

### **Responsibilities of the Statutory Officers and Committees**

- 7.3. To adopt the key recommendations of *CIPFA's Treasury Management in the Public Services: Code of Practice (the Code)*, as described in Section 4 of that Code.
- 7.4. Accordingly to ensure the adoption, the PCC shall create and maintain, as the cornerstone for effective treasury management, a Treasury Management Strategy statement, stating the policies and objectives of its treasury management activities suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The content of the policy statement and TMPs will follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the PCC. Such

amendments will not result in the PCC deviating materially from the Code's key recommendations.

- 7.5. The PCC shall receive reports on his treasury management strategies, practices and activities, including as a minimum, an annual strategy and plan in advance of this year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. During the financial year, reports on action undertaken shall be submitted to the PCC, by the CC CFO, as part of the financial monitoring information and included within Budget monitoring reports..
- 7.6. The PCC is responsible for the implementation of its treasury management strategies and practices and delegates responsibility for the execution and administration of treasury management decisions to the PCC CFO, in liaison with the CC CFO, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Statement of Professional Practice on Treasury Management*.
- 7.7. The Audit Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 7.8. The PCC shall adopt the following Treasury Management Strategy Statement. The PCC:
  - Defines its treasury management activities as "the management of the PCC's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
  - Regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the PCC.
  - Acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.
- 7.9. All investments shall be in the name of the PCC.
- 7.10. The PCC CFO may delegate aspects of the treasury management function to the CC CFO where this is deemed more appropriate.

- 7.11. The PCC CFO shall have overall responsibility for banking arrangements. The PCC CFO, in liaison with the CC CFO, shall determine a policy for the secure operation of bank accounts. All bank accounts shall be in the name of the PCC unless authorised by the PCC CFO and PCC Chief Executive. The CC has authority to open or close covert accounts to aid operations. The opening and closing of other bank accounts requires the authorisation of the PCC CFO.
- 7.12. The PCC CFO shall provide appropriate staff with cash or bank imprests to meet minor expenditure. The PCC CFO shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- 7.13. The PCC CFO shall prepare detailed Financial Instructions for dealing with petty cash, and these shall be issued to all appropriate staff.
- 7.14. The use of purchase cards shall be allowed for undertaking OPCC business. The PCC CFO, in consultation with the CC CFO, shall determine a policy for the secure operation of such purchase cards.
- 7.15. All imprest cheques shall be signed at an appropriate level in accordance with an approved list of signatories and up to the level shown in Section F. All other cheques shall be signed at an appropriate level in accordance with an approved bank mandate.
- 7.16. To comply with the requirements of the Money Laundering Regulations 2003.

## **C8 STAFFING**

### **Overview and Control**

- 8.1. Staffing costs form a significant element of the annual revenue budget. In order to provide the highest level of service and ensure effective use of resources, it is crucial to recruit and retain high calibre, knowledgeable officers and staff, qualified to an appropriate level.

### **Key Controls**

- 8.2. The key controls for staffing are

- An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocations are matched.
- Procedures are in place for forecasting staffing requirements and cost.
- Controls are implemented that ensure staff time is used efficiently and to the benefit of the organisation.
- Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

### **Responsibilities of the Statutory Officers**

- 8.3. To ensure that employees are appointed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC.
- 8.4. To advise the PCC on the budget necessary in any given year to cover estimated staffing levels.
- 8.5. To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints to meet changing operational needs.
- 8.6. To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
- 8.7. To approve, in consultation with the PCC CFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

## **C9 CUSTODY OF UNOFFICIAL FUNDS AND PRIVATE PROPERTY**

### **Trust Funds and other Voluntary Unofficial Funds**

#### **Overview and Control**

- 9.1. These are deemed to be funds, other than those of the PCC or CC, which are controlled wholly or partly by staff by reason of their employment e.g. Benevolent Fund.
- 9.2. Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are

conversant with the requirements of the Trust Deed and the law and comply fully with them.

- 9.3. These funds should be kept separate from all PCC and CC transactions and bank accounts and those responsible must ensure that appropriate insurance arrangements are in place.

## **Key Controls**

9.4. The key controls for Trust Funds and other Voluntary Unofficial Funds are:

- No employee shall open a trust fund without the specific approval of the PCC Chief Executive and PCC CFO
- These financial regulations should be seen as best practice which need to be followed whenever possible

## **Responsibilities of the Statutory Officers**

9.5. Staff controlling such funds shall ensure that a suitably experienced independent person audits the fund in accordance with procedures required by the PCC, and arrange for the annual audited accounts to be received by the appropriate management body.

9.6. The PCC shall be informed of the existence, purpose and nature of all voluntary unofficial funds and receive minutes from the management bodies confirming the adoption of the audited accounts.

9.7. The PCC shall issue Financial Instructions detailing how unofficial funds are to be managed and controlled.

## **Custody of Private Property**

### **Overview and Control**

9.8. The CC is required to exercise a duty of care and safeguard found or seized property pending decisions on its ownership, or private property of an individual e.g. a suspect in custody.

## **Key Controls**

9.9. The key controls for private property are

- Secure environment for storage of property/monies
- Audit trail of booking in and returning property to owners
- Audit trail for the disposal of property where appropriate and any income received
- Policy for specific items (e.g. bicycles) for returning these for community benefit
- Policy for the use of Property Act monies as approved by the PCC
- Policy for the use of the Proceeds of Crime Act monies as approved by the PCC

## **Responsibilities of the Statutory Officers**

9.10. The CC is responsible for the safekeeping of the private property of a person, other than a member of staff, under his/her guardianship or supervision, and shall determine procedures for such. These procedures shall be made available to all appropriate staff.

9.11. The CC is responsible for the safekeeping of found or seized property and shall determine procedures for such. These procedures shall be made available to all appropriate staff.

9.12. The CC shall be informed without delay in the case of loss or diminution in value of such private property.

9.13. The CC shall issue separate financial instructions for dealing with cash, including seized cash under the Proceeds of Crime Act. These procedures shall be approved by the PCC and the PCC CFO.

9.14. The CC shall comply with the requirements of the Proceeds of Crime Act 2002

## **SECTION D**

### **SYSTEMS AND PROCEDURES**

#### **D1 GENERAL**

##### **Overview and Control**

1.1. There are many systems and procedures relating to the control of the PCC's assets, including purchasing, costing and management systems. The PCC is reliant on electronic systems for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

The PCC CFO and the CC CFO both have a statutory and professional responsibility to ensure that the organisations' financial systems are sound and should therefore be notified of any new developments or changes.

1.2. It is imperative that operating systems and procedures are secure and that basic data exists to enable the PCC objectives, targets, budgets and plans to be formulated and measured. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

##### **Key Controls**

1.3. The key controls for systems and procedures are:

- Basic data exists to enable the organisation's objectives, targets, budgets and plans to be formulated.
- Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- Early warning is provided of deviations from target, plans and budgets that require management attention.
- Operating systems and procedures are secure and up-to-date.

##### **Responsibilities of the Statutory Officers**

1.4. The PCC CFO, in liaison with the CC CFO, is responsible for determining the overall accounting systems and procedures including to.

- Issue advice, guidance and procedures for officers and others acting on behalf of the organisation



- Determine the accounting systems, form of accounts and supporting financial records
- Establish arrangements for the audit of the organisation's financial affairs
- Approve any new system to be introduced
- Approve any changes to existing financial systems
- Approve any changes to service delivery in relation to the finance function

1.5. To ensure, in respect of systems and processes, that

- Systems are secure, adequate internal controls exist and accounting records are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice.
- Appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously
- A complete audit trail is to be maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa.
- Systems are documented and staff trained in operations.

1.6. The CC shall register compliance with the Data Protection Act 1988 ensuring that data processing (manual or electronic) involving personal information is registered.

1.7. The CC shall ensure compliance with copyright legislation around software being used.

1.8. To ensure that there is a documented and tested business continuity plan to allow system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.

1.9. To establish a Scheme of Governance and Consents, identifying officers and staff authorised to act upon the PCC's behalf in respect of income collection, placing orders, making payments and employing staff. A schedule of officers and staff, their specimen signatures and the delegated limits of their authority shall be maintained.

## **D2 INCOME**

### **Overview and Control**

- 2.1. Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly.
- 2.2. The PCC should keep in mind that the purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.

### **Key Controls**

- 2.3. The key controls for income are:
  - All income due is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed.
  - All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery.
  - All money received by an employee on behalf of the PCC is paid without delay to the Commissioner's bank and properly recorded. The responsibility for cash collection should be separated from that:
    - For identifying the amount due
    - For reconciling the amount due to the amount received
  - Effective action is taken to pursue non-payment within defined timescales.
  - Formal approval for debt write-off is obtained.
  - Appropriate accounting adjustments are made following write-off action.
  - All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
  - Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

### **Responsibilities of the Statutory Officers**

- 2.4. The PCC advised by the CC shall determine and review annually a policy for all fees and charges.
- 2.5. To make arrangements for the collection of all income due including the appropriate and correct charging of VAT.

- 2.6. To review scales of fees and charges at least annually. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.
- 2.7. The CC CFO shall order and supply to appropriate officers and staff all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.
- 2.8. Income is to be paid fully and promptly in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a monthly basis. Income must not be used to cash personal cheques or other payments.
- 2.9. Sponsorship Income shall be entered into a Sponsorship Register in accordance with the approved policy. The total value of gifts and sponsorship in any financial year should not exceed 1% of the PCC net revenue budget. Where the monetary value of a sponsorship proposal is over the limits shown in section F or is perceived to be of a sensitive or controversial nature, this must be approved by the PCC before acceptance.
- 2.10. The CC CFO shall establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid in accordance with the PCC terms and conditions.
- 2.11. Income due shall not be written off until the PCC is satisfied that all reasonable steps have been taken for its recovery. Individual amounts may be written off by the CC CFO up to the level shown in Section F. Amounts for write off above this value must be referred to the PCC for approval, supported by a written report explaining the reasons for the write off. A record must be kept of all sums written off up to the approved limit.
- 2.12. The CC CFO shall prepare detailed Financial Instructions for dealing with income, to be agreed with the PCC CFO, and these shall be issued to all appropriate officers and staff.

## **D3 ORDERING OF GOODS AND SERVICES**

### **Overview and Control**

3.1. Public money should be spent with demonstrable probity and in accordance with PCC policies. The statutory officers have a statutory duty to achieve best value, in part through economy and efficiency. Procedures should ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Contract Standing Orders.

### **Key Controls**

- 3.2. The key controls for ordering work goods and services are:
- All goods and services are ordered only by appropriate persons and are correctly recorded.
  - All goods and services shall be ordered in accordance with the PCC's standing orders.
  - A computer-generated order should always be issued and authorised. This control should only be set-aside in exceptional circumstances.
  - All orders should be raised at the time of placing the order and not on receipt of the goods/services or invoice.
  - Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.

### **Responsibilities of the Statutory Officers**

3.3. The PCC is responsible for approving the Contract Standing Orders

3.4. To ensure all officers and staff are made aware of the responsibility they have to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions.

3.5. All orders issued shall be in accordance with the approved procurement policy or Financial Instructions. Purchase orders must be issued for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCC CFO. All purchase orders must be generated by Oracle unless expressly authorised by PCC CFO. The PCC operates a "No P.O. – No Pay" policy

- 3.6. To ensure that purchase orders are issued for all work, goods or services except for supplies of utilities, periodic payments such as rent or rates, purchasing card purchases, imprest purchases or other exceptions specified by the PCC CFO.
- 3.7. To ensure authorisation of requisitions / orders are in accordance with the limits shown in section F. Only authorised officers and staff can raise requisitions / orders and therefore an authorised signatory list will be maintained. Purchasing Cards may be used in compliance with the requirements and guidance.
- 3.8. Purchase orders must not be raised for any personal or private purchases, nor must personal or private use be made of PCC contracts.
- 3.9. Goods and services ordered must be appropriate and needed, there must be adequate budgetary provision and quotations or tenders must be obtained where necessary.
- 3.10. Tenders and quotations shall be obtained in accordance with Contract Standing Orders within the limits shown in Section F.
- 3.11. Commitments incurred by placing orders are to be shown against the appropriate budget allocation and incorporated within budget monitoring reports.
- 3.12. Where possible, a different person should authorise the payment from the person who signed the requisition / order.

## **D4 PAYMENTS OF GOODS AND SERVICES**

### **Overview and Control**

- 4.1. Apart from petty cash the normal method of payment from the PCC shall be by BACs payment, cheque or other instrument or approved method, drawn on the PCC bank account. The use of direct debit shall require the prior agreement of the PCC CFO.

## **Key Controls**

4.2. The key controls for paying for work goods and services are:

- Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.
- Payments are not made unless goods have been received and to the correct price, quantity and quality standards.
- All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule.
- All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically

## **Responsibilities of the Statutory Officers**

4.3. All payments are to be made in accordance with the approved procurement procedures or Financial Instructions.

4.4. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order. Goods should not be received by the person who placed the initial requisition, unless this is impracticable.

4.5. Segregation will exist between the person ordering and the person approving the order. The receipting of goods confirms the invoice is suitable for payment. In the case of a manual invoice the 2 members of staff need to be involved in the ordering/receipting/authorising process

4.6. Authorisation of invoices shall be in accordance with the limits shown in section F.

4.7. Procedures should be in place to ensure that all payments are to be made to the correct person, for the correct amount and be recorded properly, regardless of the method of payment. Systems should ensure the invoice has not been processed for payment before and that full advantage has been taken of any discounts offered.

- 4.8. Where VAT is charged, payment is not to be made unless a proper VAT invoice has been received.
- 4.9. All payments should be processed promptly to comply with the Late Payment of Commercial Debt (Interest) Act 1988.

## **D5 PAYMENTS TO EMPLOYEES AND MEMBERS**

### **Overview and Control**

- 5.1. Employee costs are the largest item of expenditure for most organisations. Therefore, it is important that payments are accurate, timely, made only where they are due and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for.
- 5.2. All overtime claims and other claims for remuneration, travel and expenses should be submitted at least monthly. This is to ensure that monitoring of expenditure is more accurate and that authorisation of claims can be certified properly.

### **Key Controls**

5.3. The key controls for payments to employees and members are:

- Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
  - Starters
  - Leavers
  - Variations
  - Enhancements

and that claims for payment are made on the approved and appropriate documentation.

- Regular reconciliation of the HR system to the Payroll system.
- Frequent reconciliation of payroll expenditure against approved budget and bank account.
- All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
- The HM Revenue & Customs regulations are complied with.
- Recovery of overpayment
- Responsibility of adhering to time lines

## **Responsibilities of the Statutory Officers**

- 5.4. To ensure appointments are made in accordance with approved establishments, grades and scale of pay and adequate budget provision should be available. Payroll staff must be notified of all appointments, terminations or variations in the correct format and to the timescales required.
- 5.5. The CC shall make arrangements for the secure and reliable payment of salaries, wages, pensions, compensation and other emoluments to existing and former officers and staff. Adequate and effective systems are to be in place and procedures operated so that payments are only authorised to bona fide officers, staff and pensioners payments are only made where there is a valid entitlement conditions and contracts of employment are applied correctly officer and staff names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 5.6. The PCC Chief Executive shall make arrangements for the payment of all PCC travel and expenses claims. Such claims should be in the prescribed form, duly completed and certified. Certification is taken to mean that journeys were authorised and expenses incurred properly and necessarily and that allowances are payable properly, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications. Payments shall be made to the value of presented receipts up to the prescribed limits, in accordance with Financial Instructions.
- 5.7. Payroll transactions are to be processed only through the payroll system. Payments to individuals engaged on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue and Customs requirements. The HM Revenue and Customs applies a tight definition of employment status, and in cases of doubt, advice should be sought.
- 5.8. To ensure that full records are maintained of benefits in kind and that they are properly accounted for in any returns to the HM Revenue and Customs.
- 5.9. To ensure compliance with all HM Revenue and Customs regulations and record and make arrangements for the accurate and timely payment of income tax and national insurance. To ensure compliance with regulations regarding the pay over of pension deductions and other statutory or voluntary deductions from pay. Payroll staff should be notified of all employee benefits in kind to enable full and complete reporting within the income tax self-assessment system.



## **D6 TAXATION**

### **Overview and Control**

- 6.1. Like all organisations, the PCC is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe.
- 6.2. It is important that all relevant officers and staff are kept up to date on tax issues and instructed on required record keeping.

### **Key Controls**

- 6.3. The key controls for taxation are:
  - Relevant staff are provided with relevant information and kept up to date on tax issues.
  - Accurate record keeping.
  - All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
  - Records are maintained in accordance with instructions.
  - Returns are made to the appropriate authorities within the stipulated timescale.

### **Responsibilities of the Statutory Officers**

- 6.4. To ensure the completion of all HM Revenue and Customs requirements regarding PAYE and that due payments are made in accordance with statutory requirements.
- 6.5. To ensure that the correct VAT liability is attached to all income due and that all VAT reclaimed on purchases complies with HM Revenue and Customs regulations. The CC CFO shall ensure the completion of VAT claims for receipts and payments are made in accordance with statutory requirements.
- 6.6. Where construction and maintenance works are undertaken, the contractor shall fulfil the necessary construction industry tax deduction requirements. The CC CFO shall provide details to the HM Revenue and Customs regarding the construction industry tax deduction scheme.
- 6.7. To ensure up to date guidance is given to officers and staff on organisational taxation issues (e.g. VAT and CIS).

## **D7 EX GRATIA PAYMENTS**

### **Overview and Control**

7.1. An ex gratia payment is a payment made where no legal obligation exists. An example may be to recompense staff for damage to personal property in the execution of duty.

### **Responsibilities of the Statutory Officers**

7.2. The PCC may make ex gratia payments to members of the public up to the level shown in section F in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCC. The PCC CFO shall maintain details of such payments in a register.

7.3. The PCC may make ex gratia payments up the level shown in section F in any individual instance, for damage or loss of property or for personal injury to staff in the execution of duty or to staff in relation to employment errors. The PCC shall maintain details of such payments in a register.

## **D8 PENSIONS**

### **Overview and Control**

8.1. As a responsible public body the PCC will ensure that the Pension Schemes are made easily available to all eligible staff and police officers. The recent changes which have introduced auto enrolment enforce this concept. Due to the changes in relation to PCC and CC being new legal entities the requirement to comply with auto enrolment has been deferred until 2017.

### **Key Controls**

8.2. The key controls relating to pensions are:

- Relevant staff are provided with relevant information and kept up to date on pension issues.
- Accurate record keeping
- Good communication with the County Council Pension Administrator
- Compliance with acts and regulations
- Records are maintained in accordance with instructions.

## **Responsibilities of the Statutory Officers**

- 8.3. To ensure that there are adequate arrangements for administering police pension and Local Government Pension Scheme (LGPS) matters on a day-to-day basis.
- 8.4. To record and make arrangements for the accurate and timely payment of pensions and police pensions to the scheme administrators
- 8.5. The appointment of a Pension Administrator to administer the LGPS and police pensions on behalf of the PCC.
- 8.6. The Home Office are responsible for the Police Pension schemes and the organisation acts as a “holding account” although the transactions are shown in the PCC statement of accounts.
- 8.7. To ensure Pension Boards are established to administer the schemes in accordance with current legislation and regulations.
- 8.8. To ensure that timely and accurate information is supplied to the Home Office for the Top Up arrangements.
- 8.9. To ensure that timely information is supplied to the actuaries.
- 8.10. To refer internal disputes relating to pensions to the Pension Administrator in the first stage, with second stage disputes being referred to the PCC CFO
- 8.11. The PCC CFO is responsible for the governance arrangements.

## **D9 GOVERNMENT PROCUREMENT CARDS**

### **Overview and Control**

- 9.1. Government Procurement Cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties. They provide an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs (i.e. fewer

invoices processed and paid for through the integrated accounts payable system), as well as reducing the number of petty cash transactions.

### **Key Controls**

- 9.2. The key controls for Government Procurement Cards are
- Detailed instructions to all authorised card holders and users
  - A procedure which controls the issue of cards and limits on each card.

### **Responsibilities of the Statutory Officers**

- 9.3. That the CC CFO and the PCC CFO undertake periodic reviews of the register of individuals and limits assigned to each card.
- 9.4. To ensure that all card holders are aware of the financial instructions relating to the use of cards.
- 9.5. To ensure that all purchases are checked to ensure compliance with approved policies (e.g. Gifts, Gratuities and Hospitality, Catering).
- 9.6. To ensure that the process requires receipted details of payments, particularly VAT receipts and all requirements of the providers electronic receipting and payments processes are adhered to.

## SECTION E

### *EXTERNAL ARRANGEMENTS*

#### E1 PARTNERSHIPS

##### Overview and Control

1.1. Partnerships with other organisations can play a key role in delivering community strategies and in helping to promote and improve the wellbeing of the area. A partner may be defined as:

- an organisation joining to undertake, part fund or participate as a beneficiary in a joint project, or
- a body whose nature or status give it a right or obligation to support a joint project

Partnerships typically fall into three main categories:

- **Statutory based** - These are partnerships that are governed by statute. They include, for example, Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs).
- **Strategic** - These are partnerships set up to deliver core policing objectives. They can either be force-wide or local.
- **Ad Hoc** - These are typically locally based informal arrangements agreed by the PCC

1.2. The main reasons for entering into a partnership with others are:

- to provide new and better ways of delivering services
- to comply with statutory requirements
- the ability to access new resources
- the desire to find new ways to share risk
- to forge new relationships
- mitigate costs when looking to achieve shared goals

1.3. Partners undertaking a joint venture have common responsibilities:

- to act in good faith at all times and in the best interests of the partnership's aims and objectives
- to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation
- to be open about any conflicts that might arise
- to encourage joint working and promote the sharing of information, resources and skills

- to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
  - to promote the project
- 1.4. The PCC and CC should welcome the opportunity for forming partnerships with other local organisations to address local needs. As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the Commissioner, in exercising his functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, Commissioners are free to pool funding as they and their local partners see fit. Commissioners can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.
- 1.5. When the PCC acts as a commissioner of services, he will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The Commissioner is able to make crime and disorder grants in support of local priorities.. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.
- 1.6. The PCC may also make grants under Community Empowerment in support of new or local priorities. Such grants will not exceed the limit detailed in Section F.

## **Key Controls**

- 1.7. The key controls for partnerships are:
- If appropriate, to be aware of their responsibilities under the PCC financial regulations.
  - To ensure that risk management processes are in place to identify and assess all known risks.
  - To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
  - To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.

- Information sharing agreements should be incorporated for compliance with Management Of Police Information and Data Protection Act.
- To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- Exit strategies should be included from the start.

### **Responsibilities of the Statutory Officers**

- 1.8. The PCC Chief Executive is responsible for preparing a policy statement on partnership arrangements. The PCC is responsible for approving the policy.
- 1.9. The PCC shall ensure there is adequate budget provision for partnerships as part of the annual budget setting process.
- 1.10. The PCC and CC are responsible for undertaking the partnership funding arrangements, in accordance with the agreed policy. The PCC and CC shall consider the overall governance arrangements and legal issues when arranging contracts with external bodies.
- 1.11. The PCC and CC shall ensure that the roles and responsibilities of each of the partners involved are agreed and accepted formally before the partnership commences.
- 1.12. The PCC CFO and CC CFO should ensure that the accounting and reporting arrangements relating to partnerships are satisfactory.
- 1.13. The PCC and CC, upon taking appropriate advice, shall ensure that:
- before entering into the agreement, a risk management appraisal has been prepared
  - such agreements do not impact adversely upon the services provided by the PCC and CC
  - project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
  - all arrangements are properly documented
  - regular communication is held with other partners throughout the project in order to achieve the most successful outcome
  - audit, security and control requirements are satisfied

- accounting arrangements are in place and satisfactory, including resourcing, taxation procedures and carry-forward arrangements

1.14. The PCC Chief Executive shall maintain a register of all partnership arrangements.

1.15. The PCC and CC shall ensure that all officers and staff involved in partnership arrangements have access to Financial Regulations and Contract Standing Orders. On occasion, the possibility of non-compliance with these Regulations may arise from entering into partnership arrangements. In such cases, prior approval of the PCC following the agreement of the PCC CFO, in liaison with CC CFO should be sought.

## **E2 EXTERNAL FUNDING**

### **Overview and Control**

2.1. External funding is a very important source of income. The main source of such funding is government grants, but consideration should be given to ensuring that the potential for all income sources is maximised. The PCC should agree a fees and charges policy and review this on a regular basis.

2.2. Any match funding requirements should be given due consideration prior to entering into agreements and resources identified for future commitments.

### **Key Controls**

2.3. The key controls for external funding are:

- To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- To ensure that funds are acquired only to meet the priorities approved in the Police and Crime Plan.
- To ensure that any match-funding requirements are given due consideration prior to entering into long term agreements and that future revenue budgets reflect these requirements.

### **Responsibilities of the Statutory Officers**



- 2.4. To ensure that any conditions in relation to external funding are in accordance with the approved policies of the PCC. In such cases, shall ensure compliance with the key conditions determined by the funding body and any statutory requirements. If there is a conflict, this needs to be taken to the PCC for resolution.
- 2.5. To ensure that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that future medium term financial forecasts reflect these requirements.
- 2.6. To pursue actively any opportunities for additional funding where this is considered to be in the interests of the PCC.
- 2.7. All bids for external funding and the proper recording of grant income shall be coordinated through the CC and subject to the approval of the PCC.
- 2.8. To ensure that all funding notified by external bodies is received and properly recorded in the accounts, that all claims for funds are made by the due date and that audit requirements are met.

## **E3 WORK FOR THIRD PARTIES**

### **Overview and Control**

- 3.1. Current legislation enables the Commissioner to provide services to other bodies. Such work may enable economies of scale and existing expertise to be maintained.. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

### **Key Controls**

- 3.2. The key controls for working for third parties are:
  - To ensure that proposals are costed properly in accordance with guidance provided by the Home Office, or the PCC.

- To ensure that contracts are drawn up using guidance provided by the Home Office, or the PCC.
- To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

### **Responsibilities of the Statutory Officers**

3.3. To ensure that :

- proposals for assistance are costed,
- that contracts are drawn up where appropriate,
- that no contract is subsidised by the organisation
- that contracts do not impact adversely on the services provided.
- that charges are made in accordance with the PCC policy
- that, where possible, payment is received in advance of the delivery of the service
- that the PCC is not put at risk from any bad debts.

3.4. The CC shall ensure that appropriate insurance arrangements are in place.

## **E4 COLLABORATED ACTIVITIES AND CONSORTIUM ARRANGEMENTS**

### **Overview and Control**

4.1. Providing services under collaborated arrangements can achieve efficiencies, savings and improve service reliance requirements. All collaboration activities involving functions under the direction of the CC shall be financially appraised by the CC CFO and discussed with the PCC CFO. Final approval of all s22/s23 collaborative arrangements rests with the PCC.

4.2. The PCC and CC may enter into Consortium (Shared Services) arrangements. Such an arrangement is a long term joint working arrangement with other PCCs/Forces operating within a formal legal structure approved by the PCC. Prior to entering into any consortium arrangement the proposal shall be financially appraised by the CC CFO and the PCC CFO. The PCC Chief Executive will sign the Memorandum of understanding (setting out the governance arrangements of the project) on behalf of the PCC/Force.

## **Responsibilities of the Statutory Officers**

- 4.3. To ensure that each activity covered by collaborated arrangements is subject to the financial regulations of one of the PCC's involved. The particular PCC's financial regulations should be selected having regard to the staffing, activity and location of the collaborated activity.
- 4.4. To contact the PCC Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
- 4.5. To consult, as early as possible, the PCC CFO and the CC CFO to ensure the correct treatment of taxation and other accounting arrangements.
- 4.6. To produce a business case to show the full economic benefits to be obtained from participation in the collaboration/consortium.
- 4.7. To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements.

## **E5 COMMISSIONING**

### **Overview and Control**

- 5.1. Under Section 10 of the Police Reform and Social Responsibility Act 2011, the PCC is given the responsibility for co-operative working. This allows, within the constraints of the relevant funding streams, the PCC to pool funding as they and their local partners deem appropriate. In accordance with the Commissioning Framework the PCC can commission services or award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their Police and Crime Plan. They may do this individually or collectively with other local partners including non-policing bodies. The PCC must have regard to the relevant priorities of each responsible authority.
- 5.2. It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all external arrangements and an exit strategy is prepared.

## **Key Controls**

5.3. The key controls for commissioning are:

- Agreements with clear priorities and outcomes
- Grant conditions and outcomes

## **Responsibilities of the Statutory Officers**

5.4. To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.

5.5. To work effectively with other local leaders who can also provide significant resources, to influence how all parties prioritise and bring together their resources to tackle local problems and priorities.

5.6. To consult with victims and witnesses of crime about policing and the proposed Police and Crime Plan. To commission the victim and witnesses support services in Northamptonshire.

5.7. To make appropriate robust arrangements to commission services from the Force or external providers.

5.8. To award crime and disorder grants as approved by the PCC.

5.9. Authorisation of grants shall be in accordance with the limits shown in section F.

5.10. To develop a commissioning framework that will support the objectives as set out in the Police and Crime Plan. The framework should encourage a mixed economy of provider options and where necessary .

5.11. To develop financial framework as part of the wider Commissioning framework with approved authorisation levels.

5.12. To keep under review the performance and outcomes of any investments agreed by the Commissioner in respect of partnership activity.

5.13. Ensure financial expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan

## SECTION F

### ***DELEGATED LIMITS***

The section references below refer to the main body of text within sections A to E of these Financial Regulations. All financial limits are contained within this section in order to minimise the need for change when values are updated.

#### **F1 Financial Planning**

Annual Revenue Budget Preparation

1.1. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown below.

**£250,000**

#### **F2 Budgetary Control**

Virement is defined to be the transfer of budget between budget heads within a financial year and will always be a net nil, whereas a budget adjustment is defined as a budget movement at the time budgets are prepared for the forthcoming financial year.

2.1. Virement/Budgetary Movement Limits

It is the responsibility of the Budget Manager to request approval to virement and budgetary movement subject to the following limits

Force Budget

- **Up to £100,000 CC CFO**
- **Between £100,000 to £1,000,000 PCC CFO**
- **Over £1,000,000 PCC**

PCC's own budget

- **Up to £300,000 PCC CFO**
- **Over £300,000 PCC**

2.2. Treatment of Year End Balances

As a default position, any underspends against budgets will be taken to PCC reserves. In exceptional circumstances, budget holders who underspend their budget in any financial year may have their devolved budget increased for the

following financial year, , based on known future service requirements and with the approval of the PCC.

### **F3 Capital Programme**

3.1. The PCC shall approve any in-year variations to the Capital Programme.

3.2. Only variations which are either:

- a) £25,000 or more; or
- b) In excess of 10% of the approved scheme cost

Will require a report to be submitted to the PCC for approval, detailing the reasons for the variation

### **F4 Risk Management and Insurance**

4.1. The CC shall be authorised to settle insurance liability claims up to the value shown below. Beyond this value, claims must be referred to the PCC, for approval.

**£25,000**

4.2. The CC shall be authorised to settle claims subject to decision by Employment Tribunal up to the value shown below. Beyond this value, claims must be referred to the PCC, for approval.

**£25,000**

### **F5 Assets**

Inventories

5.1. The Statutory Officers shall ensure inventories are maintained that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

**£2,000**

## Stocks and Stores

- 5.2. Discrepancies between the actual level of stock and the book value of stock may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC for approval.

***Individual items £10,000***

***Cumulative for financial year £25,000***

- 5.3. Obsolete stock may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC for approval.

***Individual items £10,000***

***Cumulative for financial year £25,000***

## Asset Disposal

- 5.4. The CC may dispose of surplus land and buildings, vehicles, leases and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the PCC for prior approval.

***Land & Buildings £100,000***

***Equipment £15,000***

***Individual vehicles £25,000.***

- 5.5. Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value.

***Land & Buildings £50,000***

***Equipment £15,000***

## **F6 Banking Arrangements**

6.1. All imprest cheques shall be signed at an appropriate level in accordance with an approved list and up to the level shown below

***Up to £1,000 One signatory***

***Over £1,000 Two signatories***

## **F7 Income**

7.1. Where the monetary value of a sponsorship proposal is over the limit shown below or is perceived to be of a sensitive and controversial nature, this must be approved:

***Up to £30,000 PCC CFO***

***Over £30,000 PCC***

7.2. Individual debtor amounts may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC for approval.

***£20,000***

## **F8 Ordering of Goods and Services**

8.1. Authorisation of orders shall be in accordance with the limits shown below:

<b>Total Value of Contract (includes any extension options)</b>	<b>Method of Completion</b>	<b>Level of Authorisation</b>
£0 to £24,999	Signature / Purchase Order	Budget Holder/ Director
£25,000 to £49,999	Signature / Purchase Order	Budget Holder/ Director
£50,000 to £99,999	Signature / Purchase Order if a Framework call-off or Written	Budget Holder/ Director in consultation with Procurement



	Contract	Advisor
£100,000 to £299,999	Signature / Purchase Order if a Framework call-off or Written Contract	Director/Chief Executive/PCC CFO
Above £300,000	Signature / Purchase Order if a Framework call-off or Written Contract	Chief Executive/PCC CFO

8.2. Written quotations shall be obtained in accordance with Contract Standing Orders as detailed below:

***Supplier identified as providing best value up to £25,000***

***At least 3 written quotations (unless exemption granted by the Procurement Advisor) £25,000 to £50,000***

***Over £50,000 formal tender process undertaken in conjunction with the Procurement Advisor and complying with the special conditions for tenders over EU threshold***

Note: Any contract in excess of £25,000 can only be awarded following consultation with the Procurement Advisor.

## **F9 Payments for Goods and Services**

9.1. Authorisation of statutory (e.g. HMRC tax liabilities) invoices where prior approval has not already been received from an appropriate person under the scheme of delegation may be approved in accordance with the limits shown below:

***Up to £20,000 Nominated authorised signatory***

***£20,001 - £100,000 Authorised Budget Manager***

***Over £100,000 Countersigned by PCC CFO***

## **F10 Ex Gratia Payments**

10.1. The CC may make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of

any of the functions of the CC. Amounts greater than those specified must be referred to the PCC for approval.

**£20,000**

10.2. The CC may make ex gratia payments up to the level shown below in any individual instance, for damage or loss of property or for personal injury to personnel in the execution of duty or to a member of the public assisting the police. Amounts greater than those specified must be referred to the PCC for approval.

**£10,000**

### **F11 Community Fund Grants**

11.1 The PCC may make Community Fund Grants up to the level specified below

***Total in any one year £100,000 cumulative***

### **F12 Grants**

12.1 Authorisation of grants should be made in accordance with the limits detailed below:

***Up to £100,000 Budget Holder/PCC CFO***

***Over £100,000 PCC***

*April 2017*

## **Appendix 2 – Contract Standing Orders**



# **Contract Procedure Rules and Standing Orders**

**April 2017**

**Issued April 2017**

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**Appendix E - Single Tender Approval Request**

# 1. Introduction

- 1.1 These Contract Procedure Rules and Standing Orders for the Northamptonshire Office of the Police and Crime Commissioner (NOPCC) are intended as a guide for our suppliers and staff to help those engaged in buying or providing goods and services.

Public procurement is a complex process governed by rules and regulations. They aim to ensure the freedom of opportunity to trade with us as an organisation and that we are open and transparent in the way we do business. This also helps to ensure we achieve value for money, the right balance between quality, performance and price, when we buy goods and services. In doing so we ensure we make the best use of scarce public resources.

It is important to note that wherever there is a relationship between the NOPCC and another organisation that can be defined as “a binding agreement for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration”, this constitutes a Contract. Even if the arrangement has historically been called something else, (excluding grants), it is actually a Contract, and is therefore subject to these Contract Procedure Rules and Standing Orders. These rules ensure that a competitive procurement exercise, resulting in value for money, is undertaken, or that in exceptional cases appropriate approvals, based on sound reasoning, are gained for not competing the Contract opportunity.

These Contract Procedure Rules and Standing Orders relate to NOPCC, and Northamptonshire Police (NP) must determine their own procedures. The PCC has given a range of formal delegations to the Chief Constable (CC) and similarly delegation to undertake the associated procurement activity on behalf of the Force and to authorise the CC to accept any tenders and sign contracts in accordance with their own Contract Procedure Rules and Standing Orders which relate to NP.

## **2. Business Code of Conduct**

### **2.1 Purpose**

This is the Business Code of Conduct for the NOPCC. The purpose of this section is to advise the minimum standards expected of all staff and agents employed by the NOPCC and also to ensure fairness and consistency of approach in line with sound commercial practice.

### **2.2 Application**

All staff and agents employed by the Police and Crime Commissioner (PCC) must abide by this code in the conduct of the business of the office. In addition, the CC must define his/her own Contract Procedure Rules and Standing Orders and staff and Police Officers of Northamptonshire Police employed by the CC must abide by the standards within the NP code as part of the conditions of funding that exist between the PCC and/or the CC.

Staff should regard the code as the basis of best conduct. Staff should raise any matter of concern of an ethical nature with their line manager, the PCC Chief Finance Officer (PCC CFO) or the Chief Executive, irrespective of whether it is addressed in this Code. Staff should also ensure that they comply with the Anti-Fraud and Corruption requirements in respect of gifts, gratuities and hospitality as set out within the financial regulations. Any matters arising which are outside the bounds of this Code should be referred immediately to line management.

### **2.3 Conduct**

2.3.1 Staff shall always seek to uphold and enhance the reputation of the organisation and always act professionally by:

- (i) maintaining the highest possible standard of probity in all commercial relationships, inside and outside the organisation;
- (ii) rejecting and reporting any business practice which might reasonably be deemed illegal or improper and never using authority for personal gain;
- (iii) enhancing the proficiency and stature of the organisation by acquiring and maintaining current technical knowledge and the highest standards of ethical behaviour;
- (iv) ensuring the highest possible standards of professional competence including technical and commercial knowledge
- (v) optimising the use of resources to provide the maximum benefit to the organisation

Complying both with the letter and the spirit of:

- (i) the law and all legislation governing their procurement activity;
- (ii) this code, procurement policy and procedure, contract standing orders and financial regulations;
- (iii) guidance on professional advice; and

(iv) contractual obligations

2.3.2 Staff must never allow themselves to be deflected from this code of conduct. Failure to do so may result in disciplinary action. In abiding by this code, the rules set out below must be followed:

2.3.2.1 **Declaration of Interest**

Any personal interest which may affect or be seen by others to affect your impartiality in any matter relevant to your duties must be declared.

2.3.2.2 **Confidentiality and Accuracy of Information**

The confidentiality of information received in the course of duty must be respected and must never be used for personal gain. Information given in the course of duty should be honest and clear.

2.3.2.3 **Competition**

The nature and length of contracts and business relationships with suppliers can vary according to circumstances. These should always be constructed to ensure deliverables and benefits. Arrangements which might in the long term prevent the effective operation of fair competition should be avoided.

2.3.2.4 **Business gifts**

Gifts from suppliers other than items of very small or no intrinsic value, such as business diaries or calendars, should not be accepted but should be declined courteously.

2.3.2.5 **Hospitality**

The recipient should not allow themselves to be influenced, or be perceived by others to have been influenced, in making a business decision as a consequence of hospitality. The frequency and scale of hospitality accepted should be recorded and managed openly with care. It should not be greater than that which the organisation would reciprocate and which would be acceptable to the public as a good use of public funds.



## **3. NOPCC Policy and Procedures**

### **3.1. Introduction**

Procurement policy and procedures are determined and owned by the NOPCC and the procurement policies and procedures aim to ensure that the supply of goods, services and works are procured in accordance with relevant legislation and in the most cost effective manner. They also aim to ensure that procurement activity is undertaken in a fair, transparent and consistent manner, ensuring the highest standards of probity and accountability. Procedures define the minimum processes expected of staff engaged in the procurement of goods, services and works on behalf of the NOPCC.

### **3.2. Responsibilities**

Our Procurement Advisor is responsible to the PCC CFO for ensuring that procurement policy, procedures and contract standing orders are maintained. The day to day activity of procuring goods, services and works is undertaken by Authorised Officers, based on the value, and must be conducted in accordance with the principles and rules of this document and the NOPCC financial regulations and the scheme of delegation.

### **3.3. Scope**

All staff employed by the Police and Crime Commissioner (PCC) must abide by procurement policy and procedure in the conduct of the business of the office. Failure to comply may result in disciplinary action.

## 4 Procurement Policy

4.1 The procurement policy of the NOPCC is that:

- i. All procurement activity will be undertaken in a transparent, fair and consistent, manner, ensuring the highest standards of probity and accountability.
- ii. All staff will adhere to the Procurement Policy and procurement procedures of the NOPCC and seek to ensure acceptance and operation of it among colleagues and stakeholders.
- iii. All procurement will be compliant with good commercial practice and open to continuous improvement and development to ensure value for money.
- iv. All staff involved in procurement activities will familiarise themselves with the Business Code of Conduct and consideration will be given to circumstances where members of staff would need to be excluded where their position may be compromised.
- v. All procurement activity shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community and relevant Government guidance.
- vi. All procurement activity will also comply with Contract Procedure Rules and Standing Orders; Financial Regulations, and Scheme of Delegation.
- vii. All procurement activity will be ethically, environmentally and socially responsible with due consideration being given to any economic benefits and regeneration opportunities.

## 5 Procurement Procedures

### 5.1. Introduction

Procurement procedures provide information on how to procure goods, services and works on behalf of the Northamptonshire Office of the Police and Crime Commissioner (NOPCC). They also define the minimum processes expected of staff engaged in a procurement process and when and where to get further professional advice. Before undertaking any procurement staff are required to read through these procedures and the associated business code of conduct and procurement policy.

### 5.2. Procedures

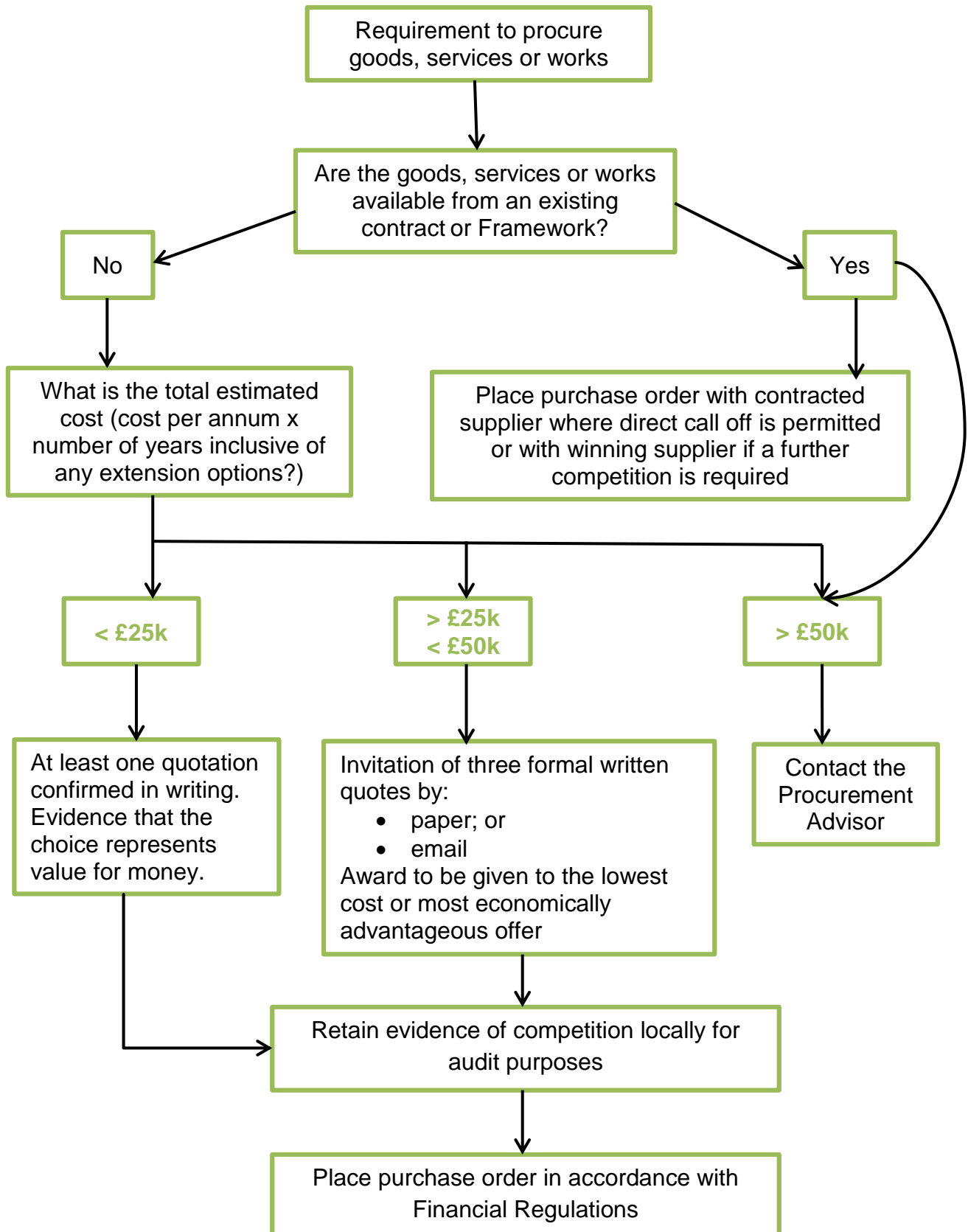
- 5.2.1 There are a number of routes through which goods, services and works can be procured. These include using existing contracts that have already been negotiated locally and running a new competitive procurement, for which the process is dependent on the value of spend. Procurement can also be carried out through framework agreements. These are National, Regional or local that can be used to buy directly from a supplier or by conducting a further competition exercise where there is more than one supplier.
- 5.2.2 These procedures cover all of these procurement routes and set out the rules that apply and the staff that have to be involved in the process. They also cover how to deal with exceptions. This is when the rules may not apply.
- 5.2.3 Once procurement has begun, these procedures will also set out rules for how to manage the process including dealing with late Tenders, evaluation of Tenders, variations to contracts and the documents and records that need to be maintained.
- 5.2.4 Should these procedures not appear to provide the appropriate mechanisms at any stage of the procurement process, advice must be sought from line management or the Procurement Advisor before proceeding further. Information contained within the procedures refers to both procurement activity involving a Tender process and to NOPCC contracts regardless of how they were entered into.
- 5.2.5 Further advice on these procedures and any aspects of the procurement process can also be provided from the Procurement Advisor and the PCC CFO.

## **6. Procurement Routes**

### **6.1 Introduction**

There are a number of different routes through which procurement may take place. This section of the procedures provides instruction on how to identify the most appropriate procurement route. A procurement procedure flow chart is set out below. This has been developed to identify which procurement route should be followed based on the framework agreements/collaborative contracts available and accessible, together with the estimated total contract value. Once the most appropriate procurement route has been identified, the relevant section of this document will explain the detailed procurement procedure.

## 6.2 Procurement Procedure Flowchart



## **6.3 Procuring through Existing Contracts and Frameworks**

- 6.3.1. If the goods, services or works are available under an existing contract and represents value for money, that contract must be used. An existing contract includes those contracts where NOPCC are not the lead organisation but where we have committed to use the contract. This can include Regional and National Framework arrangements. For some goods, works and services national arrangements are mandated by Central Government.
- 6.3.2. The Procuring Officer must consult with the Procurement Advisor to ascertain whether an existing contract or framework should be used.
- 6.3.3. Existing contracts offer many benefits. The contract will already be compliant with EU legislation and Contract Standing Orders and there is no requirement to run a further procurement process. Through the whole organisation using the same contract we minimise the administrative costs associated with the use of multiple suppliers and achieve better value for money by being able to offer suppliers more business. In using existing contracts we also have assurance that the supplier has met numerous rigorous standards including financial stability, health & safety, insurance, ethical and environmental standards etc. and robust contract terms will be in place.
- 6.3.4. When purchasing through an existing contract the only requirement is to place a purchase order with the contracted supplier, referencing the contract number, which is then approved by the Authorising Officer in accordance with these Contract Procedure Rules and Standing Orders. The Procurement Advisor can provide advice on whether a contract exists.

## **6.4 Competitive Procurement**

Where there is no existing contract available it will be necessary to go through a new procurement process. The rules to follow depend on the amount of money that is likely to be spent and this must be based on the Total Estimated Value of the contract for the whole duration of the contract, including any extension options.

## **6.5 Procurement under £25,000**

A minimum of one written quotation must be obtained either by e-mail or from a catalogue or price list. A quotation may be initially requested by telephone but the supplier must then be asked to follow this up in writing by either of the above methods prior to a purchase order being authorised and issued. Should the minimum of one quotation be used particular care should be given to

ensure compliance with Procurement Policy and the Business Code of Conduct. The issue of an official purchase order to the supplier ensures the purchase is made against the Commissioners Standard Terms and Conditions of Order.

## **6.6 Procurement over £25,000 and under £50,000**

- 6.6.1. The Procuring Officer must seek a minimum of three formal written quotations in writing either on paper or by email. The number of organisations invited to submit quotes or otherwise offer to supply must be sufficient to demonstrate that genuine market forces are employed to maximise value for money. This should either be on the basis of lowest cost or the most economically advantageous Tender, after taking in to account any quality criteria.
- 6.6.2. Care must be taken to ensure all potential suppliers are treated fairly and each supplier is assessed using a pre-determined evaluation model. The evaluation should assess the quality and whole life cost of the offer if possible against the specification. An official NOPCC purchase order number must be issued to the supplier to authorise the purchase and ensure the procurement is in accordance with the NOPCC Standard Terms and Conditions of Order. If in doubt, contact your Procurement Advisor.
- 6.6.3. The quotations should be retained locally for audit purposes together with a record of the details of the quotation exercise, in accordance with the NOPCC requirements. The details recorded should include the number and details of quotations received together with a summary of the evaluation and award decision made.
- 6.6.4. The PBP can offer advice and guidance on specifying your requirements, invitation to quote documents, evaluation models, award procedures and protocol involved in debriefing suppliers.

## **6.7 Procurement over £50,000 and under EU Threshold**

- 6.7.1. Where the total value of contract is estimated to exceed £50,000 over the whole duration the procurement process must be managed by the Procurement Advisor on behalf of the NOPCC. Tenders may be invited in a number of ways including using a single stage or two stage procedure, select list, using a framework arrangement for a direct call-off or conducting a further competition and exploiting any existing contractual arrangements. Whichever process is used, the Procurement Advisor in consultation with the Procurement Officer will formulate a Procurement Strategy for the procurement which will be based on a Statement of Requirement (SOR) obtained from the originator or budget holder. The evaluation models,

matrices and other tools used to assess and compare the Tenders will be determined and agreed with stakeholders or project members as part of the Procurement Strategy, prior to receipt of Tenders and quotes.

- 6.7.2. Where a **Single Stage Invitation to Tender** is being used an Advertisement will be placed by the Procuring Officer in accordance with Clause 7.6.1 and expressions of interest invited from organisations who wish to receive Tender documents. All organisations expressing an interest are sent an Invitation to Tender within the time scales set out. Such Tenders shall include elements to assess their ability to meet financial requirements in addition to specific areas of technical ability relevant to the contract.
- 6.7.3. **Two Stage Tenders** require that **expressions of interest** are invited from the market through advertisement in accordance with Clause 7.6.1. On receipt of expressions of interest a **Pre-Qualification Questionnaire** will be forwarded to the interested organisations and these, when completed, shall be assessed to determine the most appropriate organisations from whom Tenders shall be invited. Tenders will be invited from those organisations who meet the minimum selection criteria. The selection process shall always be predetermined.
- 6.7.4. Select Tender lists may be drawn up where it can be satisfactorily demonstrated that the number of competitive Tenders that could be received is limited. Such lists will be formulated and maintained by the Head of Procurement Services and reviewed on an ongoing basis. However, there is a mandate to comply with the spirit of EU Legislation and Contract Standing Orders regarding open competition which must be duly regarded.
- 6.7.5. Having identified the organisations from whom Tenders would be considered, the organisations shall be invited to express their desire to receive a Tender by requiring them to respond to an appropriate brief.
- 6.7.6. The use of further competition exercises will be adopted where pre-tendered Framework arrangements exist, such as National or Regional Frameworks, for example Government Procurement Service (GPS) or other consortia frameworks e.g. ESPO/Pro5. This involves identifying organisations that are able to meet the requirement from those who have been pre-tendered and pre-qualified. The further competition exercise is a leaner process due to the supplier already having gone through a Tender process to be awarded a place on the framework, and the evaluation criteria is dictated by the framework call off mechanism which concentrate on the price and service delivery elements of the requirement.
- 6.7.7. The Procurement Advisor will maintain a database of all available frameworks which will include an on - going assessment of the overall value for money of each framework. The Procurement Advisor will utilise a suitable framework if it is considered to offer value for money, prior to undertaking an independent procurement exercise.



## 6.8 Procurement above EU Threshold

- 6.8.1. In accordance with clauses 6.7.6 and 6.7.7 a Framework will be utilised in the first instance, if considered to be commercially suitable, ahead of undertaking any other EU procurement procedure.
- 6.8.2. When letting contracts above the EU threshold, the Public Contracts Regulations 2006 must be followed and adhered to by the Procurement Advisor. When undertaking a procurement in accordance with EU Procurement Directives there are different types of procurement procedures that can be selected such as the Open Procedure and Restricted Procedures. In addition it is open to undertake a Negotiated Procedure or Competitive Dialogue. Competitive Dialogue may be used and is permitted under EU Legislation within strict guidelines. Negotiated Procedure or Competitive Dialogue are suitable in exceptionally complex procurements, e.g. Private Finance Initiative (PFI) and are only to be undertaken after approvals have been granted based on tests being satisfied. Whichever, of these routes is utilised will depend on the type and complexity of the procurement and will be agreed between the Procurement Officer and the Procurement Advisor as part of the strategy for that particular project.
- 6.8.3. Concerning all EU procurement the EU Directives require that consideration is given to “aggregation of demand” and that this is calculated as the total estimated annual expenditure multiplied by the total number of years for which a contract would be in place, including any extension options. If the value derived is over the EU threshold for the goods, service or works, then an EU Tender must be conducted. The EU Directives are clear that deliberate attempts to reduce, avoid or misrepresent the total value of the contract are a breach of the legislation.
- 6.8.4. The timescales for tendering under the EU Directives are prescriptive and may generally be longer than a non EU Tender. Failure to leave sufficient time to complete the tendering process is legislatively not an acceptable reason for avoidance of the regulations.
- 6.8.5. A project team will be assembled to undertake the project and will involve all the relevant stakeholders for that type of procurement. This will usually include the Chief Executive and/or Procurement Officer, PCC CFO, Procurement Advisor and other relevant representatives.

## **7. Procurement Process**

### **7.1. Introduction**

This section of the procedures sets out the different processes involved in undertaking procurement once the procurement route has been determined. It also sets out how to manage the process when procedures have not been followed, for example dealing with late Tenders or missing information.

### **7.2. Steps Prior to Purchase**

7.2.1. No contract for the execution of works or for the supply of goods or services shall be made unless budgetary provision has been made in annual revenue or capital estimates approved by the NOPCC or unless an estimate is reported to and approved by the PCC CFO.

7.2.2. The Procuring Officer must assess the requirement, in a manner commensurate with its complexity and value, by:

- i. appraising the need for the expenditure and its priority
- ii. defining the objectives of the purchase
- iii. confirming that there is delegated approval for the expenditure and the purchase accords with the approved policy framework and scheme of delegation.
- iv. if the total value of the proposed expenditure is estimated to be below £50,000 then action the procurement in accordance with the Procurement Routes stipulated in Clause 6.6 in the Procurement Procedures Section of this document
- v. assess the types of risks associated with the purchase and how to manage them

if the total value of the proposed expenditure is estimated to exceed £50,000 then contact the Procurement Advisor to enable a SOR to be completed And forwarded for action

### **7.3. Pre-Tender Market Research and Consultation**

7.3.1. The Procuring Officer responsible for the purchase:

- i. may consult potential suppliers prior to the issue of the Invitation to Tender in general terms about the nature, level and standard of the supply, indicative prices, contract packaging and other relevant matters, provided this does not prejudice any potential Applicant/Tenderer.
- ii. may seek or accept advice on the preparation of an Invitation to Tender or Quotation from anyone, but not if the advice given may prejudice the equal treatment of all potential suppliers or distort competition, and
- iii. should seek advice from the Supplier Services Team

## **7.4 Statement of Requirement**

- 7.4.1. Specifications and standards are used to describe the requirement – goods, services and/or works – for which the procurement process is being conducted. They are included within the documents inviting suppliers to Tender. This information will be obtained when an SOR is agreed between the Procurement Advisor and the Procurement Officer.
- 7.4.2. The Procurement Advisor will provide as much assistance as possible to Procurement Officers to enable them to identify and express their requirements so that the market can respond appropriately.
- 7.4.3. Although the Procurement Officer is responsible for identifying and owning the specification, the Procurement Advisor will utilise their skills, knowledge of the market and experience in assisting compiling the specification to aid identification and expression of the requirement.
- 7.4.4. Standards adopted to identify minimum, maximum or equivalent shall be in accordance with all current legislation and will ensure equal and fair treatment for all prospective suppliers.

## **7.5 Exceptions to normal procedures/single tender action**

- 7.5.1. ALL exceptions that exceed £25,000 in value must be authorised prior to the procurement of goods, services or works. For such contracts the Procurement Officer or Chief Executive must complete a Single Tender Approval Request form as detailed at Appendix E and submit it for agreement to the Procurement Advisor.
- 7.5.2. Any proposed extension to a contract, where there is no extension option provided for in the terms of the current contract, must be treated as an exception to normal procedures, requiring the completion of a Exception to

Contract Procedure Rules / Single Tender Approval Request form (Appendix E). The value of such an extension is the total value of the proposed contract and consists of the total value of the current contract plus the value of the proposed extension.

7.5.3. Any value so negotiated after the Single Tender Approval Request has been approved shall be agreed and authorised in accordance with the Award of Contract thresholds detailed in the Contract Authorisation limits within the Standing Orders of this document (Clause 8.10.1).

7.5.4. Exceptions made for the reasons outlined below, but without prior single tender approval may expose the NOPCC to commercial and legal risk and will be treated as breaches of Contract Standing Orders, and may be subject to disciplinary action. Requests for exceptions to normal procedures will only be considered under the following circumstances:

- i. urgency reasons - the contract is required as a matter of extreme urgency and this is due to circumstances outside the control of the NOPCC. This does not include circumstances brought about by the lack of internal planning.
- ii. product reasons – where there are strong compatibility issues relating to the goods or the service that the NOPCC already uses and it would be uneconomic to consider alternative solutions.
- iii. limited supplier – where there is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.

7.5.5. A report of all exceptions approved is provided for the PCC CFO to scrutinise on a quarterly basis.

## **7.6 Advertising and Assessing Potential Applicants**

7.6.1. Procuring Officers shall ensure that proposed contracts with an estimated value that exceed £50,000 are advertised to the widest possible audience of proposed Applicants. The method of advertising will depend on the type of procurement and the procurement strategy and contracts will be advertised using at least one or more of the following examples:

- i. The NOPCC website
- ii. Bluelight

- iii. Portal websites specifically created for contract advertisements e.g Source East Midlands
- iv. Contracts Finder (Business Link)
- v. National official journals, trade magazines as appropriate or
- vi. The Official Journal of the European Union (OJEU)/ Tenders Electronic Daily (TED) (if the procurement is subject to EU Procurement Directives).

7.6.2. Procuring Officers are responsible for ensuring that all Applicants for a Contract are suitably evaluated. For contracts above £50,000, where a formal process undertaken by Procurement Advisor shall take place and following the contract being advertised as 7.6.1, the assessment process shall establish that the potential Applicants adequately meet selection criteria in the following areas :

- i. The Legal capacity to contract
- ii. The required level of financial standing
- iii. The technical ability and capacity to fulfil the requirements of the NOPCC

7.6.3. Tenders/Quotations will also be obtained in respect of proposed contracts that are expected to exceed £50,000 by selecting organisations using the following Procurement routes, where the suppliers have already been satisfactorily evaluated against selection criteria using a formal procurement process :

- i. National or Regional Framework with single or multiple suppliers
- ii. Approved Lists of providers, maintained by the Procurement Advisor on behalf of NOPCC, and compiled following responses to a public advertisement and after undergoing a formal procurement process. A suitable Framework should be used in preference to an Approved or Select Tender List.

7.6.4. Where an Applicant is a subsidiary within a group, the soundness of the group will be considered together with the appropriateness of obtaining a bond or a 'guarantee' from the parent company.

7.6.5. Where a contract is advertised or a select Tender list is used then invitations to Tender will be sent to not less than four of the Applicants who meet the selection criteria or if less than four Applicants meet the selection criteria, then the Tender will be sent to all the Applicants who do meet the selection criteria.

## **7.7. Framework Agreements**

7.7.1. The Procurement Advisor will maintain a database of Framework Agreements that are available to utilise. Each Framework Agreement will be assessed for the value for money it offers and suitability in terms of service delivery.

7.7.2. The Procurement Advisor will utilise a Framework in the first instance, if judged to be suitable, prior to conducting any Tender process for a contract that exceeds a value of £50,000

7.7.3. For procurements of less than £50,000, budget holders should seek advice from the Procurement Advisor prior to utilising a Framework Agreement.

7.7.4. Contracts based on Framework Agreements may be awarded directly if the terms laid down in the Framework Agreement permit direct call-off. Where the terms stipulate a further competition should be held then these will be conducted in accordance with the following procedure:

- i. inviting all the organisations within the Framework Agreement that are capable of executing the subject of the contract to submit written offers
- ii. fixing a time limit which is sufficiently long to allow offers for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract
- iii. awarding each contract to the supplier who has submitted the best offer on the basis of the Award Criteria set out in the terms and conditions of the Framework Agreement

7.7.5. Under the Police Act 1996 (Equipment) Regulations 2010, the use of specific framework agreements is mandated. See Appendix D.

## **7.8. Approved or Select Tender Lists**

7.8.1. Approved Lists cannot be used where the EU Procedure applies. The Procurement Advisor may draw up, manage and maintain:

- i. Approved Lists of suppliers able to perform contracts for the provision of services or supply of goods
- ii. Apply set criteria for selecting from the lists

- 7.8.2. No supplier may be entered on an Approved List until there has been an adequate investigation into legal, financial and technical ability to perform the contract, unless such matters are to be investigated each time Tenders are invited from that list.
- 7.8.3. Approved Lists must be drawn up following the opportunity being advertised as per Clause 7.6.1. Suppliers may be entered on a list between the initial advertisement and re-advertisement provided they meet the criteria above.
- 7.8.4. Suppliers on the list will be reviewed at least annually against the criteria and the list re-advertised at least every three years. Review means:
- i. The reassessment of the legal, financial and technical ability and performance of those persons on the list, unless such matters are to be investigated each time Tenders are invited from suppliers on that list.
  - ii. The deletion of those suppliers who no longer meet the criteria
- 7.8.5. All Approved Lists shall be maintained in an open, fair and transparent manner and be open to public inspection.

## **7.9. Collaborative contracts**

Where Tenders are invited by any Police and Crime Commissioner other than Nottinghamshire, Derbyshire and Northamptonshire, or by any other Public Authority, the invitation, submission, opening and acceptance of those Tenders shall comply with the provisions of the Contract Standing Orders of that Commissioner or Authority unless these provisions are considerably inconsistent with the method by which Tenders are dealt with by the Northamptonshire Office of the Police and Crime Commissioner.

## 7.10 Invitations to Tender / Quotation

7.10.1. The Invitation to Tender shall state that no Tender will be considered unless it is received by the date and time stipulated in the Invitation to Tender. No Tender delivered in contravention of this clause shall be considered other than in accordance with the rules for submission of Tenders.

7.10.2. All Invitations to Tender shall include the following:

- a) a specification that describes the NOPCC requirements in sufficient detail to enable the submission of competitive offers.
- b) a price schedule with the facility for the Tenderer to submit prices and/or variant Tenders for consideration if appropriate.
- c) a requirement for Tenderers to declare that the Tender content including price has not been disclosed by the Tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose, for example a Tender submitted by a Consortium).
- d) a requirement for Tenderers to complete fully and sign all Tender documents including a Form of Tender and certificates relating to canvassing and non-collusion
- e) notification that Tenders are submitted to the NOPCC on the basis that they are compiled at the Tenderer's expense.
- f) a definition of the Selection and Award Criteria being applied that details all weightings for criteria.
- g) notification that no Tender will be considered unless it is in accordance with the "Instructions to Tenderer".
- h) a stipulation that any Tender submitted must be made electronically using the approved electronic Tender system and no other means will be considered, unless they comply with the rules on Tender submission.
- i) the method by which any areas requiring clarification in the submitted Tenders are to be dealt with, as defined in Clause 7.15.
- j) the Terms and Conditions that will apply to any subsequent contract



- k) a stipulation that the NOPCC is not bound to accept any Tender
- l) a statement stating that all Applicants invited to Tender or quote will be issued with the same information at the same time and subject to the same conditions. Any supplementary information will be given on the same basis.

## **7.11 Receipt, custody and opening of Tenders**

- 7.11.1. Tenderers must be given an adequate period in which to prepare and submit their Quotation or Tender, consistent with the complexity of the contract requirement. This should normally be no less than 15 days. For contracts valued above the EU threshold and being conducted using an EU Tender procedure, specific minimum time periods for the receipt of Tenders must be adhered to.
- 7.11.2. Tenders shall be submitted electronically using the National Police approved electronic Tender portal called Bluelight or any subsequent e-tendering system utilised by the Procurement Advisor. Tenderers shall be notified accordingly. No Tender will be considered unless it is submitted electronically by the requested route, unless a failure of the system prohibits its use.
- 7.11.3. The Procurement Advisor shall be responsible for the safekeeping of Tenders which will be held in the electronic tender system, until the appointed time of opening. The electronic tendering system as part of its functionality will :
  - i. suitably record and verify the date and precise time it was received
  - ii. adequately protect immediately on receipt and guard against amendment of its contents
- 7.11.4. The electronic tendering system does not permit the Tenders to be viewed or amended until they have been opened and verified electronically by a nominated Officer from Procurement Advisor. Verification cannot take place until after the closing date and time.

## **7.12 Late Tenders**

- 7.12.1. Tenders that have been received following the closing time and date may only be considered under the following circumstances; where it can be proven beyond any reasonable doubt that, if received:
- i. electronically, the Tender was uploaded before the closing date and time and that due to technical difficulties was unavailable; or
  - ii. there is evidence that the Tenderer has made appropriate arrangements for the electronic delivery of the Tender before the closing date and time and had a justifiable technical reason for not submitting their response electronically before the deadline.
- 7.12.2. Any late Tender received that satisfies the conditions above will be treated as a 'late Tender' and shall be accepted and opened in accordance with 7.12.3
- 7.12.3. The electronic tender system will mark the Tender as technically late but its lateness must be recorded by the Procurement Advisor. The decision to accept or reject a late Tender will be taken by the Procurement Advisor.

## **7.13 Alteration to Tenders**

- 7.13.1. No alteration to Tenders may be made after the closing deadline unless in accordance with this Clause or Clause 7.15
- 7.13.2. Where it is suspected that there has been an error in a Tender and following the closing date for receipt of Tenders but before acceptance of any Tender, discussions may take place with Tenderers in order to :
- i. ensure that the Tender is constructed correctly; or
  - ii. ensure that the Tenderer has fully understood the specification; or
  - iii. seek clarification from Tenderers of cost, quality and performance indicators
- 7.13.3. A written note of the discussions must be made to record the suspected error, date, time, detail of the discussion and any agreement reached.
- 7.13.4. Any changes which alter the final costs must be supported by documentation confirming the change from the organisation who submitted the Tender.

## 7.14 Evaluation of Tenders and quotations

7.14.1. The Procuring Officer must ascertain what are the relevant British, European or international standards which apply to the subject matter of the contract. If applicable the Officer must include those standards or equivalent which are necessary to define the required quality, allowing for equivalent standards.

7.14.2. For contracts below £50,000 in value, the Procuring Officer must define award methodology and evaluation criteria that are appropriate to the purchase to secure an outcome giving Value for Money for the NOPCC. The basic criteria shall be:

- i. 'lowest price' where payment is to be made by the NOPCC
- ii. 'higher price' if payment is to be received, or
- iii. 'most economically advantageous', where criteria other than price also apply for example quality

7.14.3. For contracts that exceed £50,000 in value, the Procurement Advisor will define the award methodology and evaluation criteria as part of the procurement strategy. These will be stipulated in the Invitation to Tender document issued to suppliers and will include all relevant weightings that will apply.

7.14.4. Where criteria other than price apply, all relevant evaluation criteria will be set to achieve the Most Economically Advantageous Tender (MEAT) whilst satisfying the requirement and will be a combination of price and service delivery factors. All offers received will be evaluated against the defined Award Criteria

7.14.5. MEAT evaluation criteria considers a range of whole life factors and will be defined and some examples of factors are:

- i. price;
- ii. delivery time;
- iii. training;
- iv. service delivery considerations;
- v. support and maintenance;
- vi. methodology, experience;
- vii. skill;
- viii. sustainability
- ix. implementation

7.14.6. The Tender evaluation team will have an appropriate governance structure with chair and be convened from members of the project team to encompass appropriate stakeholders with skills to consider Tenders meaningfully. Evaluation teams will generally consist of at least the following representatives:

- i. procurement;
- ii. technical; and/or
- iii. specialist(s) e.g. Commissioning Manager

7.14.7. All members of the evaluation panel should participate in all evaluation activity except where an expert adviser is only required to evaluate a particular part of the Tenders. Panel members should familiarise themselves with the Code of Conduct for procurers of Goods and Services, in particular declarations of interest.

## **7.15 Discussions and Post Tender Negotiations**

7.15.1. In the case where the Estimated Contract Value is below the EU Threshold, and following the closing date for receipt of Tenders but before acceptance of any Tender, the Procuring Officer may carry out Post Tender Negotiations in an attempt to secure improvements in the price or economic advantage in one or more of the following circumstances:

- i. where the most competitive Tender (according to the pre-determined award methodology and evaluation criteria) submitted exceeds the Estimated Value;
- ii. where it is considered that the price of the most competitive Tender submitted does not represent the best value for money that can reasonably be obtained;
- iii. where Tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items;
- iv. where the most competitive Tender contains conditions, trading terms, guarantees, or provisions relating to performance or service delivery less favourable than in other Tenders, or than stipulated for

and this defect appears capable of being remedied by Post Tender Negotiations.

7.15.2. When conducting Post Tender Negotiations, as part of a Procurement Exercise where the Estimated Contract Value is £50,000 or more (but below the EU Threshold), only the Tenderer submitting the most competitive Tender in accordance with the award methodology and evaluation criteria (Clause 7.14) may be invited to participate in Post Tender Negotiations.

7.15.3. When conducting Post Tender Negotiations, the following additional rules shall apply:

- i. At no time during the negotiations must a Tenderer be informed of the detail of any other Tender submitted or as to whether or not the Tender they submitted was the lowest.
- ii. During negotiations in person there must always be present at least one Officer of the Procurement Advisor.
- iii. A note of the negotiations will be made by one of the Procuring Officers present recording those present, the time and location of the negotiations, detail of the discussion and any agreement reached.
- iv. Post Tender Negotiation shall not enable any material departure from the published specification. The Procurement Advisor shall determine whether any proposed change to the specification constitutes a material departure and whether as a consequence other Tenderers shall be permitted to participate in Post Tender Negotiations and/or whether new Tenders should be invited, to avoid any potential allegations of competition being distorted.

7.15.4. Post Tender Negotiations are not allowed in the case of contracts with an Estimated Contract Value exceeding the relevant EU Threshold. However, clarifications of errors or discrepancies in Tenders may take place in accordance with Clause 7.13.

## **7.16 Award of Contract and Debriefing Tenderers**

7.16.1. The confidentiality of Quotations, Tenders and the identity of Tenderers must be preserved at all times and information about one Tenderers response must not be given to another Tenderer.

- 7.16.2. Tenders must be evaluated and Contracts awarded in accordance with the Selection and Award Criteria. The arithmetic in compliant Tenders must be checked. If arithmetical errors are found they should be notified to the Tenderer, who should be requested to confirm or withdraw their Tender.
- 7.16.3. Procuring Officers may accept Quotations and Tenders received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these contract procedure rules.
- 7.16.4. Where provision has been made within the annual budget or formally approved capital programme, a Tender may be accepted if it is within the estimate. Where a Tender exceeds the estimated amount then the PCC CFO must be consulted.
- 7.16.5. Where the Total Value exceeds £50,000 the Procurement Advisor will notify and debrief all Tenderers simultaneously and as soon as possible of the intention to award the contract to the successful Tenderer. For Two Stage Tenders all Applicants will be notified and debriefed simultaneously following completion of the pre-qualifying stage.
- 7.16.6. For all contracts subject to EU Procurement Regulations, the Procurement Advisor will ensure compliance with enhanced notice requirements under Alcatel standstill rules. Failure to comply with the EU procedures can result in various penalties including those defined in the Remedies Directive.
- 7.16.7. There is now a requirement to issue an “Award Decision Notice” to all unsuccessful Applicants. This has to be done as soon as possible after making the decision and by the most rapid means possible. The notice must contain:
- i. the score of the recipient against the Award Criteria used
  - ii. the name of the winner and their score
  - iii. reasons for the decision, including the characteristics and relative advantages of the successful Tender
  - iv. if the Tender was not held to be compliant with any technical specification, the reasons for that decision
  - v. a precise statement of when the standstill period starts and ends, including how it may be affected by any “contingencies” e.g. clarification requests from Tenderers or formal legal challenges
  - vi. the date after which the contract may be entered into.

- 7.16.8. If the decision is formally challenged by an unsuccessful Tenderer then the Procuring Officer shall not award the contract and shall immediately seek the advice of the Procurement Advisor and Legal Services.
- 7.16.9. For all contracts where the total value exceeds £50,000 a formal Tender Award Report shall be prepared for the attention of the Authorising Officer. The report should detail the scoring methodology used, the Tender scores, identify the winning Tenderer, and the justification for the winning Tender (lowest price or most economically advantageous Tender).
- 7.16.10. No formal award will be made to the successful Tenderer until written authorisation has been obtained for the total value of the contract in accordance with the Contract Authorisation Limits stipulated in the Standing Orders
- 7.16.11. Under no circumstances, must a letter of intent be communicated to any Tenderer prior to the formal award of contract.
- 7.16.12. For NP tenders the PCC gives formal delegation to the CC to award all tenders for which the Force are responsible

## **7.17 Cancellations, variations, extensions or termination of contracts**

- 7.17.1. Other than at the expiry of an agreed term, no contracts shall be terminated or cancelled without considering as to whether such action is in accordance with contractual terms and conditions. Any cancellation or termination must be made formally in writing and any requirement for a period of notice must be observed and acted on.
- 7.17.2. Where there is a wish to cancel or terminate contracts prior to their “natural” expiry or to utilise a contract term which allows for early termination other than by way of breach, advice must be taken from the Procurement Advisor who may in turn take appropriate legal advice depending on the reason for the request. Under no circumstances should employees verbally instruct suppliers or others engaged on behalf of contracted suppliers that their services or goods are no longer required. Inappropriate cancellation or termination of contracts may result in legal action and subsequent costs being borne by the NOPCC. All cancellations or terminations shall be made by the Procurement Advisor in writing.

- 7.17.3. If a request is made for a variation to contract, the value of the variation must be considered in line with the total contract value specified in the Advertisement (especially any OJEU notice) and/or if a material change, whether this changes the scope specified in the Advertisement. If the aggregated value exceeds the authority level of the original contract signatory, then appropriate authorisation should be sought prior to issue of the variation to contract. All variations to contract must be made formally in writing by the Procurement Advisor and written agreement received from the supplier.
- 7.17.4. The Procurement Advisor will conduct a formal review with the budget holder at an appropriate time prior to the expiry of any contract. If there are options within the terms to extend the contract, then subject to satisfactory performance by the supplier and agreement from the budget holder, the contract will be extended with the supplier by the Procurement Advisor after exploring any cost reduction opportunities. Where there are no further extension options available then the contract may be terminated by Procurement Advisor and any subsequent contract will be let in accordance with these Contract Procedure Rules and Standing Orders, unless extended as per Clause 7.17.5.
- 7.17.5. Where an extension to a contract is beyond the extension period allowed in the contract, the exceptions to normal procedures (clause 7.5) must be followed. However, this is not permitted if the contract was advertised in OJEU. The total value of the contract must be considered which is the total current contract value plus the value of the proposed extension.

## **7.18 Document retention and record keeping**

- 7.18.1. All documentation relating to contracts should be retained in accordance with the NOPCC requirements.
- 7.18.2. All amounts quoted throughout this document are exclusive of VAT. Where the Contract Value is less than £25,000 it is advisable to keep basic records. As a minimum, records must be maintained of any quotations received and the award made.
- 7.18.3. Where the Total Value is between £25,000 and £50,000, the following records must be kept in accordance with Clause 7.18.5:



- i. invitation to quote and quotations from the successful and unsuccessful Applicants
- ii. any exceptions and the reason for them
- iii. the evaluation criteria and methodology applied to the award decision.
- iv. Written records of communications with the successful supplier or an electronic record if a written record of the transaction would normally not be produced.

7.18.4. Where the Contract Value exceeds £50,000 the Procurement Advisor will manage and conduct the full procurement process on behalf of the NOPCC and will take responsibility for formally recording and retaining all documents relating to the process in accordance with NOPCC requirements

7.18.5. Records must be kept for six years after the end of the contract and for contracts signed under seal, records must be kept for twelve years after the end of the contract. Pre-Qualification Questionnaires and Invitation to Tender documents which relate to unsuccessful Applicants will be retained for 12 months from the commencement date of contract.

7.18.6. The Procurement Advisor shall maintain a register of all contracts, let on behalf of the NOPCC and will provide reports for the NOPCC as appropriate.

7.18.7. The content and frequency of the reports referenced in clause 7.18.6 will be agreed with the OPCC Chief Executive.

## **7.19 Freedom of Information**

7.19.1. Information may be requested at any time on any process managed by the Procurement Advisor. Where information, for example, Tender responses must be retained, they should be kept in a manner that ensures they are secure and accessible at a later date.

7.19.2. Generally almost all of the content of a Tender will be considered commercially sensitive by a prospective supplier. This does not ensure that all the information the supplier would rather have kept in confidence, is not ultimately released.

7.19.3. Appropriate steps will be taken to enquire with prospective suppliers, as to the information they feel should be exempt from release and the FOI

legislation allows for certain exemptions, although the decision as to potential release rests with the NOPCC and the FOI team.

- 7.19.4. If in doubt as to whether information should be released, the Officer should seek advice from their line manager.

## **8. Contract Standing Orders**

### **8.1. Introduction and Purpose**

These Contract Standing Orders set out the rules by which the NOPCC spends money on supplies, services and works in order to deliver its services. They apply to any contracts that result in a payment being made by, or to, the NOPCC. Contract standing orders aim to ensure that we:

- i. achieve Value for Money for public money spent
- ii. be consistent with the highest standards of integrity
- iii. ensure fairness in allocating public contracts
- iv. comply with all legal requirements, particularly in relation to the Public Contract Regulations
- v. support the corporate aims and policies of the NOPCC
- vi. comply with Procurement policy and procedures of the NOPCC

### **8.2. Responsibilities**

8.2.1. All staff employed by the PCC must abide by contract standing orders in the conduct of the business of the office unless an exception is granted by the PCC CFO. Failure to comply may result in disciplinary action. All those engaged in procurement and contracting activity must also ensure that any Agents, Consultants and contractual partners acting on their behalf also comply.

8.2.2. Prior to undertaking a procurement exercise, Procuring Officers must:

- i. check with the Procurement Partner whether a suitable Corporate Contract or Framework exists before seeking to let another contract. Where a suitable Corporate Contract exists, this must be used unless there is an auditable reason not to
- ii. keep the records required under these rules as per Clause 7.18.

- iii. ensure that the Transfer of Undertaking (Protection of Employment) (TUPE) issues are considered and obtain legal advice before proceeding with inviting Tenders when an employee of the NOPCC, or of a service provider may be affected by any transfer arrangement
- iv. take proportionate account of all relevant risks, particularly relating to the Public Contracts Regulations\*

\*Note: Any public sector or utilities contract awarded in breach of certain fundamental Public Contract Regulations can be declared “ineffective” by the Courts. Depending on the circumstances of the breach, the Courts may order the setting aside of the decision concerned; order the contracting authority to amend any document; make an award of damages to an economic operator, and order the contracting body to pay a fine.

### **8.3. Responsibilities of the Chief Executive and Procurement Partner**

8.3.1. The responsibilities of the Chief Executive are to :

- i. Ensure that their respective staff comply with these orders

8.3.2. The responsibilities of the Procurement Partner are to :

- i. act on behalf of the Chief Executive where referenced within these contract standing orders and comply with the requirements of the scheme of delegation ensuring the necessary authorisations are given.
- ii. keep a register of contracts and arrange their safekeeping
- iii. keep a register of contract exceptions

### **8.4. Relevant Contracts**

8.4.1. All Relevant Contracts must comply with these Contract Standing Orders. A Relevant Contract is any arrangement made by, or on behalf of, the NOPCC

for the carrying out of works or for the supply of goods, materials or services. These include arrangements for:

- i. the supply or disposal of goods
- ii. the hire, rental or lease of goods or equipment
- iii. the execution of works
- iv. the provision of services

8.4.2. Relevant Contracts do not include:

- i. Contracts of employment which make an individual a direct employee of the NOPCC
- ii. Instruction of counsel and external legal advisors
- iii. Partnership Agreements.

## 8.5. Purchasing – Competition Requirements

8.5.1. Where the Total Contract Value for a purchase is within the values in the first column of the table below, the Procurement Process in the second column must be followed.

<b>Total Contract Value</b>	<b>Procurement Process</b>	<b>Procurement Lead</b>
Up to £25,000	One oral Quotation confirmed in writing	Officer
Over £25,000 and below £50,000	At least three written Quotations	Officer
Above £50,000 and below EU Threshold See Appendix C	Use of Framework or Invitation to Tender.	Procurement Partner
Above EU Threshold See Appendix C	Apply EU Procurement Directive	Procurement Partner

8.5.2. A Procuring Officer must not disaggregate a requirement nor select a method of calculating the Total Contract Value in order to minimize the robustness of the procurement process.

## **8.6. Assets for Disposal**

Assets for disposal must be sent to public auction except where better Value for Money is likely to be obtained by inviting Quotations and Tenders. These may be invited by advertising on the NOPCC internet site, the UK Police Property Disposal Site or in an appropriate journal. In the case of the latter, the method of disposal of surplus or obsolete stocks / stores or assets other than land must be formally agreed by the PCC CFO in accordance with the NOPCC Scheme of Delegation. The basis upon which obsolete stocks / stores are declared surplus to requirements shall be in accordance with the NOPCC Financial Regulations.

## **8.7. Collaborative and Partnership Arrangements**

Collaborative arrangements are subject to UK and EU procurement legislation and case law. They must follow these Contract Procedure Rules. In the case of private finance initiatives (PFI) and other public/private sector partnerships, such contracts must be approved and authorised in accordance with the scheme of delegation. If in doubt, Officers must first seek the advice of the Chief Executive.

## **8.8. The Appointment of Consultants to Provide Services**

Consultant architects, engineers, surveyors and other professional Consultants shall be selected and commissions awarded in accordance with these Contract Procedure Rules.

## **8.9. Contract Documents**

8.9.1. A NOPCC Purchase Order must be used wherever possible and include :

- a description of what is to be supplied (i.e. the product, materials, works, services )
- the provisions for payment (i.e. the price to be paid and when, including any milestones)
- the time, or times, within which the contract is to be performed

- the Standard Terms and Conditions of Order or the terms and conditions of the Framework being used.

8.9.2. All Relevant Contracts that exceed £50,000, and excluding direct call-offs using Purchase Orders against Frameworks, shall be in writing and will clearly specify :

- i. Contract Title
- ii. Contract Duration
- iii. The Invitation to Tender
- iv. Full details of the specification agreed between both parties
- v. Pricing Details
- vi. Insurance levels of the supplier
- vii. Contract Terms and Conditions including ant Special Conditions
- viii. The Data Handling Schedule that will apply
- ix. Performance Schedules
- x. Change Control mechanism and a record of any Changes agreed

8.9.3. All written contracts that exceed £200,000 as per clause 8.10.2 are to be signed under seal

## 8.10 Contract Authorisation Levels

8.10.1. The following Contract Authorisation Limits shall apply:

Total Value of Contract (includes any extension options)	Method of Completion	Level of Authorisation
£0 to £24,999	Signature / Purchase Order	Budget Holder/ Director
£25,000 to £49,999	Signature / Purchase Order	Budget Holder/ Director
£50,000 to £99,999	Signature / Purchase Order if a Framework call-off or Written Contract	Budget Holder/ Director in consultation with Procurement Advisor
£100,000 to £299,999	Signature / Purchase Order if a Framework call-off or Written Contract	Director/Chief Executive/PCC CFO

Above £300,000	Signature / Purchase Order if a Framework call-off or Written Contract	Chief Executive/PCC CFO
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8.10.2. All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written authorisation as per the above authorisation levels. An award letter is insufficient. The Procuring Officer responsible for securing signature of the contract must ensure that the person signing for the other contracting party has authority to bind it.

## 8.11 Bond and Parent Company Guarantees

The Procuring Officer must consult the PCC CFO about whether a Parent Company Guarantee is necessary when an Applicant is a subsidiary of a larger group/company and:

- i. the Total Value exceeds £250,000, or
- ii. award is based on evaluation of the parent company, or
- iii. there is some concern about the stability of the Applicant.

## 8.12 Prevention of Fraud and Corruption

8.12.1. The Officer must comply with the NOPCC Business Code of Conduct and Anti-Fraud and Corruption Policy and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the Officer to prove that anything received was not received corruptly. High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and is a crime.

8.12.2. The following clause must be included in every written NOPCC contract:

“The NOPCC may terminate this contract and recover all its loss if the Supplier, its employees or anyone acting on the Supplier’s behalf do any of the following:



- a) offer, give or agree to give to anyone any inducement or reward in respect of this or any other NOPCC contract (even if the Supplier does not know what has been done), or
- b) commit an offence under the Bribery Act 2010 or Section 117(2) of the Local Government Act 1972, or
- c) commit any fraud in connection with this or any other NOPCC contract whether alone or in conjunction with NOPCC members, suppliers or employees.

8.12.3. The NOPCC could be liable where someone who performs services for it, such as an employee or agent, pays a bribe specifically to gain business, keep business, or gain a business advantage for a particular organisation. The Officer should perform a risk assessment regarding the bribery risks that the organisation might face, and exercise due diligence before engaging others to represent the NOPCC in business dealings. Written contracts shall also refer to and highlight whistle blowing arrangements as set out in the Anti-Fraud and Corruption policy documents.

## **8.13 Declaration of Interests**

- 8.13.1. If it comes to the knowledge of an Officer or an employee of the NOPCC or anyone acting on behalf of the NOPCC that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the NOPCC, he or she shall immediately give written notice to the Chief Executive. The Chief Executive shall report such declarations to the PCC.
- 8.13.2. Such written notice is required irrespective of whether the pecuniary interest is direct or indirect. An indirect pecuniary interest is distinct from a direct pecuniary interest in as much as it is not a contract to which the member or employee is directly a party.
- 8.13.3. The Chief Executive as the monitoring Officer shall maintain a record of all declarations of interests notified to him by any Officer.

## Terms and Definitions

**“Advertisement”** is the means by which a Procurement Exercise is advertised, and includes (where appropriate) the ‘Contract Notice’ as defined in the Public contract Regulations 2006.

**“Applicant”** means an organisation that applies to be a supplier of goods and/or services to the NOPCC, usually by responding to an advertisement issued by the PCC for a specific contract requirement

**“Authorised Officer”** means any member of staff authorised to undertake procurement activity on behalf of the PCC.

**“Award Criteria”** means the evaluation criteria applied to select the successful tenderer in a single stage process, or for two stage tenders, the evaluation criteria applied to the second stage of the process to evaluate offers from Tenderers. In a two stage process, Award Criteria is specific to the delivery of the contract and can be solely based on the proposed cost of the contract or used to select the most economically advantageous Tender which evaluates the proposed cost and all the service delivery factors of the contract.

**“Best Value”** means the duty of the NOPCC, and the Procurement Advisor to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

**“CC”** means the Chief Constable of Northamptonshire Police

**“Chief Executive”** – means the Chief Executive to the Northamptonshire Police and Crime Commissioner

**"Contract"** means a binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.

**"Contract Extension"** means an extension to the duration of the contract, but not including any alteration to the scope of the contract.

**"Contract Variation"** means an alteration to the scope of the contract, but not the extension of the duration of the contract.

**“Corporate Contract”** means any Contract or Framework Agreement or other arrangement put in place by the Procurement Advisor itself, or any other Public Sector Organisation (including other Local Authorities) or Consortium in which the Procurement Advisor on behalf of the NOPCC is entitled to participate and which, where necessary, has been awarded in an EU compliant manner.

**“Estimated Contract Value”** or **“Estimated Value”** means the total estimated value of the contract. Where the contract period is fixed the Estimated Value shall be the total estimated maximum value of the supplies, services or works to be supplied over the period covered including any extensions to the contract. If the contract period is unknown, a nominal period of 48 months shall be applied to the calculation.

**“EU Directives”** as implemented in to the Public Contracts Regulations (see separate definition)

**“EU Threshold”** means the respective threshold for Supplies, Works or Part A services contracts referred to in the Public Contract Regulations 2006.

**“FOI Team”** means the team that receives and processes Freedom of Information requests on behalf of the NOPCC

**“Framework Agreement”** is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The Framework Agreement may, itself, be a contract to which the EU procurement directives apply.

A **“Further Competition”** is undertaken where not all the terms of a proposed contract are laid down in a Framework Agreement. It involves re-opening competition between the organisations which are parties to the Framework Agreement and which are capable of performing the proposed contract, on the basis of the same or, if necessary, more precisely formulated terms, and where appropriate other terms referred to in the contract documents based on the Framework Agreement.

A public sector **“Grant”** involves the provision of subsidy (capital or revenue) funding, by the relevant public sector body, in support of a charitable, or other public benefit, service, which the public body wishes to support, as part of fulfilling its own public benefit remit. A grant is provided on conditions aimed at ensuring the proper application of the grant funds, but not in return for anything.

**“Invitation to Tender”** means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to the Tenderers to solicit Formal Tenders.

**“NOPCC”** means the Northamptonshire Office of the Police and Crime Commissioner

**“NP”** means Northamptonshire Police

**“Officer(s)”** means any member of Staff employed by the PCC, other than named references to specific posts.

**“OJEU”** means Official Journal of the European Union

**“PCC”** means the Northamptonshire Police and Crime Commissioner

**“PCC CFO”** means the Chief Financial Officer of the Police and Crime Commissioner (or in his/her absence the nominated Deputy Chief Finance Officer of the PCC)

**“Post Tender Negotiations”** means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the contract including but not limited to improvements in price.

**“Procurement Advisor”** means the body appointed by the NOPCC to provide advice and support on all procurement matters

**“Procurement Exercise”** means any process by which goods, services and/or works are to be procured including but not limited to Request for Quotations and Formal Tender Processes.

**“Procuring Officer”** means any Officer, acting under the delegated powers of the PCC, who is responsible for the procurement of goods and services. **“Public Contracts Regulations 2006”** means the Public Contracts Regulations 2006 as amended, modified, consolidated, extended, re-enacted or replaced, including the Public Contracts (Amendment) Regulations 2009. These Regulations implement the EU Consolidated Directive on Public Procurement into UK law and reflect the principles of the EU Treaty of Rome.

A **“Quotation”** is an offer to sell works, goods and/or services at a stated price under specified conditions. A Quote or Quotation may or may not be written.

**“Selection Criteria”** means the evaluation criteria used to assess Applicants/Tenderers regarding their legal status, economic and financial standing and technical capacity and capability to deliver a specific contract for goods and/or services to the PCC. In a two stage process successful Applicants that pass the evaluation criteria progress to the tender stage of the process

**“Standard Terms and Conditions of Order”** means the standard contractual terms used by the NOPCC, including those attached to Purchase Orders or Purchase Orders generated by the Purchase Order System and those included in Request for Quotation templates.

**“Tender”** means the formal offer from a Tenderer, which is capable of acceptance by the PCC, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer. A written Quote or Quotation is also a Tender.

**“Tenderer”** or **“Tenderers”** means the organisations invited to participate in a Procurement Exercise.

**“Variation”** – see “Contract Variation”

## **List of relevant legislation**

(to be continually updated)

- Police Reform and Social Responsibility Act 2011
- Police Act 1996 (Equipment) Regulations 2010 – in force from 04 March 2011
- Public Contracts Regulations 2006
- Public Contracts (Amendment) Regulations 2009
- Public Procurement (Miscellaneous Amendments) Regulations 2011 – in force from 01 October 2011
- The Bribery Act 2010 – in force from 01 July 2011
- Human Rights Act 1998
- Data Protection Act 1998
- Freedom of Information Act 2000
- Construction Act 2011 – in force from 01 October 2011
- Health and Safety at Work Act 1974
- Equality Act 2010
- Welsh Language Act 1993
- TUPE Regulations 1981 and 2006
- The Waste Electrical and Electronic Equipment Regulations 2006 (the WEEE Regulations”)
- Public Service (Social Value) Act 2012

## EU Procurement Thresholds

Thresholds applicable from 1 January 2014 until further notice are given below.  
Thresholds are exclusive of VAT.

### PUBLIC CONTRACTS REGULATIONS 2006 – THRESHOLDS FROM 01 JANUARY 2014

	<b>SUPPLIES</b>	<b>SERVICES</b>	<b>WORKS</b>
Contract Notices	£172,514	£172,514	£4,322,012
	€207,000	€207,000	€5,186,000

## APPENDIX E – EXCEPTION TO CONTRACT PROCEDURE RULES / SINGLE TENDER APPROVAL REQUEST (WAIVER) ( Derbys / Notts / Northants )

The single tender form should be completed by individual Forces for contracts valued over £25,000 excluding VAT that are not supported by a competitive procurement process.

Section 1 - Originating Department Details	
Name of Originating Force	
Name of Originating Department	
Name of Originator	
Protective marking classification (if applicable)	
Date request submitted	

Section 2 - Contractor Details / Type of Award	
Name of Contractor	
Is this a direct award without competition?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Is this an extension to an existing contract where no option is provided for in the contract?	<input type="checkbox"/> YES <input type="checkbox"/> NO

Section 3 - Approval is requested on the grounds of :		
<b>Urgency reasons</b> <input type="checkbox"/> YES <input type="checkbox"/> NO  If it is a matter of extreme urgency and this is due to circumstances <b>outside</b> the control of the Police Force. This does <b>not</b> include circumstances brought about by lack of internal planning.	<b>Product reasons</b> <input type="checkbox"/> YES <input type="checkbox"/> NO  If there are strong <b>compatibility</b> issues relating to good or services that the Force already uses and it would be uneconomic to replace.	<b>Limited Supplier</b> <input type="checkbox"/> YES <input type="checkbox"/> NO  If there is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.
<b>PLEASE ATTACH A BRIEF EXPLANATION OF THE RATIONALE BEHIND THE REASON SELECTED</b>		

Section 4 – Requirement details	
Proposed contract start date	
Proposed contract end date	

Section 5 - Supporting information
<u>Background to requirement (please limit to 100 words)</u>
<u>Risks related to the requirement (please limit to 100 words)</u>

Section 6 - Total value of the contract					
<b>Net</b>		<b>Vat</b>		<b>Gross</b>	



<b>Section 7 – Procurement Services</b>			
Date Received :		Document Ref No:	
<b>Procurement comments</b>			
STA supported by Procurement		<input type="checkbox"/> YES	<input type="checkbox"/> NO
Signature		Date	

<b>Section 8 – Head of Department / Budget Holder comments</b>			
STA supported by Head of Department		<input type="checkbox"/> YES	<input type="checkbox"/> NO
Signature		Date	

<b>Section 9 – Director of Finance Decision and comments</b> (please consult current OPCC Financial Regulations for relevant Authorisation levels and Scheme of Delegation )			
STA supported by Director of Finance		<input type="checkbox"/> YES	<input type="checkbox"/> NO
Signature		Date	

<b>Section 10 – The Police and Crime Commissioner and comments</b> (please consult current OPCC Financial Regulations for relevant Authorisation levels and Scheme of Delegation)			
STA supported by Police and Crime Commissioner		<input type="checkbox"/> YES	<input type="checkbox"/> NO
Signature		Date	



**The Northamptonshire Police and Crime  
Commissioner's  
Commissioning Framework**

**September 2016**

**Issued April 2017**

## **1. Purpose**

- 1.1 The Police and Crime Commissioner (PCC) is a directly elected individual to ensure that the public services of policing, criminal justice and community safety are reflective of community needs and desires. This is articulated through the Police and Crime Plan.
- 1.2 The PCC is also statutorily bound to ensure that policing services are efficient and effective in Northamptonshire. The PCC is therefore able to use their resources to commission services from any organisation to ensure the best possible services are available for the public to satisfy the PCC's statutory responsibilities and to deliver the outcomes and priorities contained within the Police and Crime Plan.
- 1.3 This Commissioning Framework outlines the principles and approach which underpin the PCC's commissioning decisions which will be taken and delivered in a robust, consistent, transparent and fair way.

## 2 What is Commissioning?

2.1 Commissioning is, at its simplest, the process of planning, agreeing and monitoring services. It is more complex than simply just procuring services or goods. Commissioning is the process of understanding need, engaging with users and service providers, specifying requirements and then taking a decision on the best way to provide that service (e.g. internally, outsourced, procured etc). Quality assurance should take place throughout. Commissioning seeks to deliver the most efficient, effective and sustainable way to deliver required outcomes.

2.2 Procurement is in some circumstances a part of commissioning. Procurement is the acquisition of goods or services that usually includes a contract. Contract Standing Orders should be followed for any commissioning process that includes the need to procure a service. The most notable example of where commissioning does not require procurement is where the PCC commissions Northamptonshire Police to be the delivery agency for policing.

2.3 For Northamptonshire PCC, commissioning is fundamental to what the office does. The PCC is, fundamentally, a commissioning organisation. The OPCC will seek to commission services from Northamptonshire Police, the wider public sector, voluntary and community groups and the private sector to achieve, and be held to account for delivering, the outcomes of the Police and Crime Plan.

2.4 In practice, this means that the total budget of the PCC will be available for commissioning. Northamptonshire Police will not therefore be set a budget within which to deliver their services, but instead they will be commissioned to deliver functions and activities by the PCC.

2.5 The PCC has the power to commission services. In practice this is discharged by the OPCC. This document therefore makes reference to the OPCC discharging the powers of the PCC.

### 3 Principles

3.1 The OPCC will undertake all commissioning activity with a focus on these principles:

- **Outcome-based.**

The OPCC will primarily focus on what is achieved (the outcome) rather than resources put in (the inputs) or what is done (the outputs). This does not mean that at times inputs and outputs are not important to the OPCC and therefore will be specified as part of a commissioning process. But the main focus will always be on seeing the desired effects of the commissioning process happen for the benefit of the people of Northamptonshire. Measures of success will be put in place for every commissioning process.

- **Capacity building.**

The OPCC will seek to ensure that every commissioning activity focuses on long term, sustainable solutions to achieve the outcomes required. The aim will be to help organisations and ultimately the public to be more self-sustaining and therefore have greater capacity and resilience for future challenges.

- **Value for Money.**

The OPCC will always seek the most efficient and effective service to deliver the outcomes specified. This does not mean the cheapest solution is always the best as the benefits may be greater with more initial expense.

- **Participative.**

The OPCC is committed to consulting and engaging the right people at the right times. This will occur during the design of any commissioning specification to ensure that the specification best reflects need. There is a commitment to engage with users of any commissioned service during the life of the service to ensure that the service continues to meet the needs of the public.

- **Fairness and Transparency.**

The OPCC is committed to ensuring that all commissioning activity is conducted fairly, with no favours being shown to any organisation or individual. Information will be made available to those involved in the commissioning process and clear information will be provided to the

public in line with the Decision Making Framework of the OPCC outlined in the Scheme of Governance and Consents.

- **Clear process and governance.**

The OPCC will adopt clear processes for any commissioning activity. This Framework document helps to outline the processes that will be undertaken for commissioning. Where the commissioning process includes procurement, the OPCC will ensure that the OPCC Contract Standing Orders within the Scheme of Governance and Consents are complied with. All commissioned activity should have clear governance arrangements to manage the delivery of the commissioned activity. This usually will include a formally agreed contract.

- **Promote improvement and innovation.**

The OPCC will focus on evidence based practice and interventions from the outset. The OPCC though will not 'step away' once something is commissioned. Instead the OPCC will remain active commissioners and contract managers ensuring that improvement is sought throughout the life of the arrangement or contract. The focus on evidence will not prevent innovative solutions being trialled and evaluated to learn from. In that respect the OPCC will be risk aware rather than risk averse and therefore be prepared for some interventions to fail.

## **Commissioning Approach and Application**

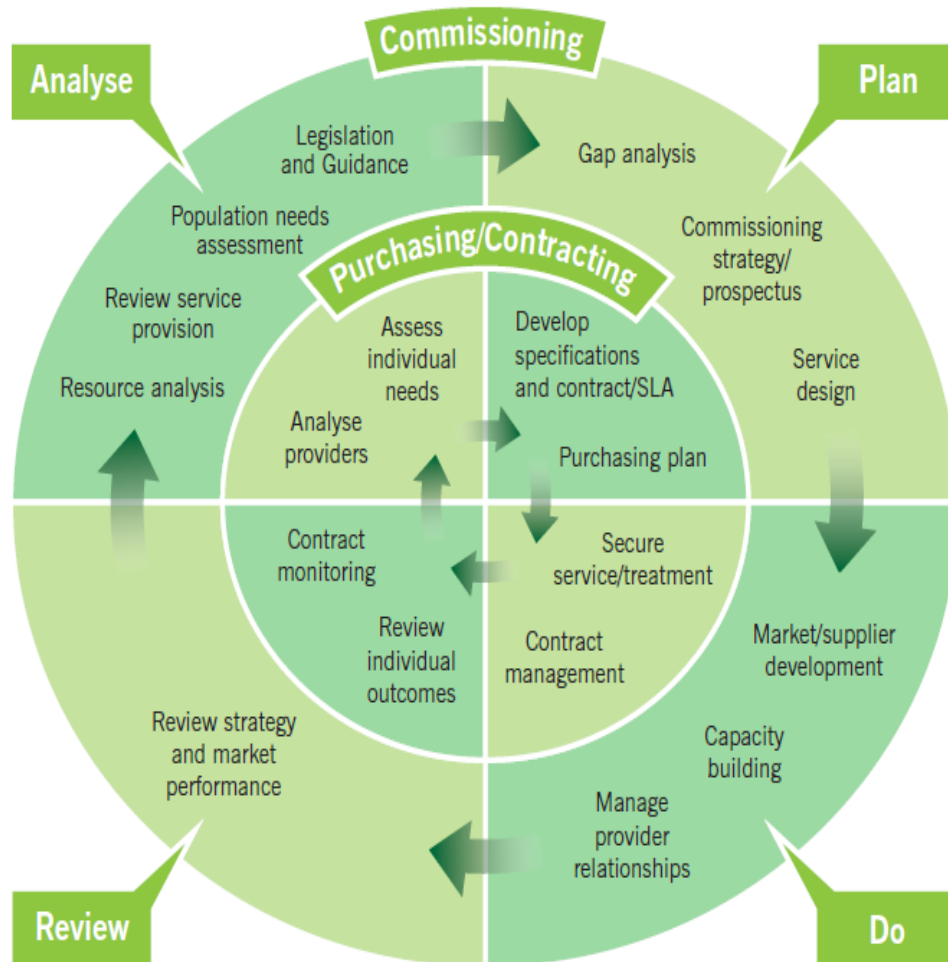
All activity the OPCC promotes should be considered commissioning, whether this change is then delivered 'in house' or not. Fundamentally the OPCC is a commissioning organisation. Therefore this Framework applies to all activity the OPCC does, whoever the 'provider' of the service is including Northamptonshire Police. The relationship between OPCC and Force is therefore one of 'commissioner' and 'provider'.

A wide variety of types of commissioning are available to the OPCC, both with funding and without funding and with partners or alone. The OPCC will seek to utilise the most appropriate method of commissioning depending on the outcomes that are to be achieved. This will include direct commissioning of the Police or others to deliver a particular service or initiative as well as jointly commissioning activity that meets the needs of the OPCC and other organisations, providing a greater benefit for the public money than if the OPCC commissioned alone.

For any activity the commissioning cycle over later pages of this Framework will be adopted and governance arrangements will be put in place for every commissioned activity.

## The Commissioning Cycle

The following is the cycle for commissioning adopted for this framework.



The overarching strategic document for the Commissioner is the Police and Crime Plan. This informs the Commissioning Intentions and therefore the Commissioning Cycle for individual activity. It is for the OPCC to commission activity based on the Police and Crime Plan.



## Analyse and Understand

Any outcomes-based commissioning is not starting with a blank page. There is always some activity, interventions or existing services that are in place. Therefore this phase of the cycle is about understanding the baseline position and understanding the evidence-base within which the newly commissioned initiative or service will be operating.

- The outcomes desired will be clarified in this phase in greater specificity than the Police and Crime Plan affords. This will focus attention on what the intended effect of the commissioning will be.
- Any existing service provision will be considered and understood. This will both consider who the service providers are and what service they provide, understanding both the scope and the nature of the services that are currently provided.
- A broader understanding of the local, national and international evidence base will be undertaken. This will identify what activities are proven to work and emerging trends that could be applied to Northamptonshire.
- A needs assessment will be undertaken in this phase, utilising both existing data and information and potentially specifically collected data. This will seek to understand the gaps in service provision from the baseline position. The needs assessment will include consultation and engagement activity, both that undertaken by the Police and Crime Commissioner more generally and specifically with potential service users for any commissioning arrangement. The focus of this will be on the quality rather than quantity of this information.
- Any legislation or other guidance will be reviewed within this phase.
- The OPCC will engage with any relevant partners at this stage to understand their commissioning and service provision intentions to ensure that public money is used efficiently and effectively.
- Resourcing will be considered at this stage at a high level to understand both affordability and cost effectiveness.
- The impact of any potential decisions should also be considered at this stage. An Equality Impact Assessment will be developed at this stage and kept under consistent review throughout the cycle. Impact Assessments should consider potential future impacts as well as immediate impacts.
- The OPCC will publish any relevant information from this stage to enable customers, users and providers to see the basis on which decisions are being taken.

## Plan

Following a review of the need to understand the current situation for any commissioning process, the OPCC will begin the planning phase. This phase produces the plan, specification and service design for the commissioned activity.

- The OPCC will undertake a gap analysis between the desired outcome and the current baseline position. This will mean the size of the challenge is understood and the distance to travel is clear. This will shape the requirements for the commissioned activity.
- The OPCC will engage with service providers, including Northamptonshire Police, at this stage. This will be for them to help to shape the activities and possibilities to address the identified gap.
- The OPCC will also seek to engage with people who will use the service or those who the activity is seeking to benefit. Testing of draft specifications will occur at this stage.
- The OPCC, having received the feedback from the engagement activity, will produce a full and final specification for the commissioned activity. This specification will include the outcomes to be delivered, the performance indicators that will be measured, the expected outputs from the activity and a milestone plan for delivery. A standard template ensuring consistent information will be used by the OPCC.
- Specifications will be grounded in evidence but will allow for innovation and transformation. The analysis undertaken will ensure that services commissioned are new rather than duplicate services.
- At this stage the OPCC will also consider the most appropriate means of commissioning. This may be with a procurement process or without a procurement process and may be in conjunction with a partner for a co-commissioning approach or the OPCC may commission directly themselves.
- If a procurement process is being used, the process will be planned at this stage to be the most efficient and effective to deliver the required outcomes, ensuring compliance with Contract Standing Orders.

## Do

The OPCC (working with partners where that commissioning strategy has been chosen) will seek to bring about the new service and then 'hold to account' and contract manage the provider of the services through this phase. A key part of this phase will be building capacity in whoever is being commissioned to deliver the best possible outcomes for the public.

- If procurement is being used, then a transparent and fair assessment of the potential providers at this stage will be undertaken to ensure that the best value for money is being achieved for the public of Northamptonshire. Any procurement will meet the requirements of Contract Standing Orders.
- In any scenario, the OPCC will agree with the providers (including if the provider is Northamptonshire Police) the detailed project plan for the delivery and implementation of the new commissioned service.
- The OPCC will support the provider through the mobilisation phase helping to ensure successful delivery. Ultimately though, the OPCC will also be holding the provider to account for meeting their obligations (whether under a formal contract or otherwise).
- Once implemented, the OPCC will be active 'contract managers' (whether there is a legal contract or not) to ensure that the intended outcomes and agreed delivery mechanism occurs. This will involve regular and robust monitoring of key performance indicators. The regularity of the review will depend on the size and risk of the commissioned service and contract. The Contract Manager (as defined later in this document) will be responsible for the monitoring process.
- The frequency of the contract management process will be determined by the size and length of contract that is being managed. The approach the OPCC will take will be one that seeks to deliver ever better and therefore one of service improvement, the aim being to ensure that service provision becomes sustainable, ultimately with reduced public funding. However there will also be consequences included within the contract arrangements for failure to deliver.
- The OPCC will ensure that those who were engaged during earlier phases are kept informed of progress during this phase.

## Review

The OPCC will ensure that a constant review process will take place as the commissioned activity is taking place. This will help to inform any re- or de-commissioning decisions.

- Delivery will be judged against the original outcomes intended from the commissioned activity.
- Those who have been involved in earlier phases of the cycle will be engaged during this phase. This will include directly engaging service users of the commissioned activity. This will inform whether the intended outcomes are being seen and felt by the intended service users.
- Evidence will be gathered together and a formal review point will be decided and documented by the OPCC. This will be shared with the service provider. The document will also give an indication on future decisions for the OPCC to take on future commissioning intentions.
- Information gathered during the review phase will also be used to seek to drive performance improvement from the existing service provider.
- The OPCC will, wherever possible, seek to gain independent evaluation of the activity to understand whether the activity 'works' or not.
- The OPCC will also review the strategy that was set for commissioning in the 'plan' phase in light of what has been learned in the 'do' phase. This will ensure lessons are learned for future commissioning activity.

## **De-commissioning**

De-commissioning can take place at any point within the commissioning cycle. The OPCC will de-commission based on evidence and based on the policy priorities of the Police and Crime Commissioner.

- The OPCC will ensure that de-commissioning process is triggered through an understanding of the evidence base and through developing a clear business case for change.
- The OPCC will seek to have open and transparent conversations with the provider at the earliest opportunity to discuss thinking in relation to de-commissioning.
- Where de-commissioning is occurring, the OPCC will ensure that best practice change management principles are employed to ensure that any change in service has the least impact on service users possible.
- Decisions will be made in keeping with the OPCC Decision Making framework within the Scheme of Governance and Consents. This will include the OPCC considering any wider impacts on the system that the decision may have.
- For any de-commissioning, the OPCC will ensure that there is a transition plan and exit strategy in place and delivered.
- A review will be undertaken as part of a de-commissioning process to ensure that learning is captured.

## Resourcing Commissioning

Improving outcomes using this commissioning framework is not the responsibility of any one person with the OPCC. The stakeholders and partners collaborating on any particular commissioning activity will depend on the outcomes to be achieved. OPCC will ensure that any commissioning activity is adequately resourced, harnessing the skills and expertise that exist, trust their ability and input, and work together to make the difference and make Northamptonshire a safer place to live, work and visit. . The OPCC will seek to be clear on who is responsible for each aspect and stage of commissioning activity to ensure it is as effective as possible. The different roles of commissioning and procurement teams through the commissioning cycle can sometimes cause confusion, especially during a procurement exercise, and it is important that all stakeholders involved understand their roles.

Role in Commissioning	Definition
Political	The Police and Crime Commissioner defines the outcomes they require for the people of Northamptonshire set out in the Police and Crime Plan
Strategic	The Management Team balance the required outcomes with statutory obligations, practical and financial constraints, assessment of need and demand, to define the outputs they require from their provider partners, within the total resources available
Operational	<p>Senior staff and officers deliver the projects and services to achieve the required outputs and outcomes as directed. There are two specific functions (note: these can be carried out by more than one individual or both functions may be performed by the same individual):</p> <p><u>Lead Commissioner</u></p> <ul style="list-style-type: none"> <li>• This should be a service manager i.e. the person who leads on the process of commissioning. Typically they will have subject knowledge.</li> <li>• They should develop the detailed service specification and requirements and make recommendations to the OPCC.</li> <li>• Typically the lead commissioner is involved in the Analyse, Plan and Review parts of the Commissioning Cycle.</li> </ul>

### Contract Manager

- This may or may not be the same person as the Lead Commissioner.
- They manage the relationship with service providers and implement communications and engagement plans.
- Ensure that performance information informs the commissioning cycle.
- Develops with providers business cases for change.
- Manages the operational de-commissioning process.

Typically the Contract Manager is involved in the Do and Review parts of the Commissioning Cycle.

The OPCC Involvement Team will provide capacity to assist in engaging and consulting with stakeholders

Finance, procurement and legal resource will also be required for particular commissioning activities.

## **Appendix 4 – Officer Report to Support Decision Making**



COMMUNITY JUSTICE SECURITY

### **Northamptonshire Police and Crime Commission**

#### **Supporting Report to the Police and Crime Commissioner**

<b>Date of Report</b>	XXXX
<b>Subject</b>	XXXXXX
<b>Report Author</b>	Name, Job Title

#### **1. Purpose of Report**

1.1 The purpose of this report is to ....

#### **2. Decision(s) Recommended:**

2.1 That the Police and Crime Commissioner for Northamptonshire formally agrees the decision to ....

#### **3. Relevant background / Chronology of Key Events:**

3.1 Include here any key background information to explain the nature of the decision and the development of the initiative.

#### **4. Consultation:**

4.1 List both internal and external consultation undertaken.



## 5. Compliance Issues:

### 5.1 Is this a decision of 'significant public interest?'

5.1.1 Does this meet the test outlined in the PCC Decision Making Policy?

### 5.2 Is the recommended decision consistent with the priorities set out in the Northamptonshire Police and Crime Plan 2014/17?

5.2.1 Provide the link back to the policy to explain why the PCC is involved and how this decision is consistent with the strategic direction in the Plan.

### 5.3 What are the financial and procurement implications of this decision?

5.3.1 How much will be required for this decision to be funded? Where will it be funded from?

5.3.2 Include why this is the best value for money?

5.3.3 Has a procurement process been undertaken? Does this meet the requirements of Contract Standing Orders?

### 5.4 Will further decisions be required?

5.4.1 Will future decisions be required as a result of this decision?

### 5.5 Legal Implications

5.5.1 What if any are there? Has advice been sought?

### 5.6 Risk Management

5.6.1 Are there risks in the corporate risk register that affect this decision?

5.6.2 Are there risks that are specific to this decision?

### 5.7 Has an Equality Impact Assessment been undertaken?

5.7.1 If so attach as an appendix

**6. Evaluation of alternative option(s):**

6.1 Briefly outline other options that were discarded.

**7. List of background reports used to compile this report:**

7.1 Nil

**8. List of appendices accompanying this report (if any):**

8.1 Procurement report

**9. Approvals****Date**

Has this report been approved by the author's line manager?  
**Name Line Manager Here**

Y/N

Has this report been approved by the s. 151 officer?  
**Steve Dainty**

Y/N

Has this report been approved by the Chief Executive?  
**John Neilson**

Y/N

## **Appendix 5 - Accountability Process**

### **1. The Accountability Board**

The PCC will formally hold a monthly Accountability Board to consider performance, transformation, resourcing with the aim of strengthening delivery. This will fulfil the statutory duty to hold the Chief Constable to account. The respective teams (the senior management teams of both OPCC and Force) will also be involved in the meeting, bringing a broader collective understanding.

The OPCC set the agenda, focusing on key issues in pursuit of stronger delivery and ultimately performance improvements that are seen and felt by the public.

A limited set of paperwork will be required for the meeting, focusing attention and discussions on issues that matter.

The focus of the meetings will be on always striving to deliver better. Successes will be acknowledged but a relentless pursuit of the end goal and ambition must be maintained by these meetings. Meetings will be minuted and published by the OPCC. The Terms of Reference are:

#### **Purpose**

The purpose of the Board is threefold: to support the PCC in exercising the statutory duties in holding the Chief Constable to account; to support the PCC in developing strategic financial plans; and in acting as the strategic authority for transformational programmes.

#### **Terms of reference**

The business of the Board will cover:

- A focus on areas of concern in performance and service delivery, at a strategic level;
- Agreement and 'sign off' in respect of proposals for the design of transformation programmes and activity, including issues of strategic financing and resourcing (the delivery and governance of those programmes will then pass to the Transformation Board chaired by the Deputy Chief Constable, once agreed);
- Overview and assurance at a strategic level in respect of the progression of transformation, and within that specifically on the delivery of agreed transformation programmes (this Board is not formally part of the governance of the individual agreed programmes, the role of this Board will be to focus at

a strategic level on issues where programmes are in exception in terms of delivery);

- Discussions between Force and OPCC in respect of strategic budget setting, medium term financial planning, and key strategic investment decisions;
- Overview and discussion of collaborative and partnering activity, providing assurance that such arrangements are adequately governed and are delivering;
- Discuss OPCC-led initiatives where they impact on the wider transformation of the Force;
- Strategic consideration of key identified corporate level risks (for Force and OPCC);
- Strategic consideration relating to PCC scrutiny activity.

### **Membership & meeting arrangements**

- Police and Crime Commissioner (Chair);
  - OPCC: Chief Executive (Deputy Chair); Directors of the OPCC; Minute-taker;
  - Force: Chief Constable, Deputy Chief Constable, Assistant Chief Constable(s); Force Chief Finance Officer.
- 
- The meetings will normally be held monthly;
  - Meetings will be called and arranged by the OPCC, and the OPCC will produce the agenda and minutes and be responsible for management of papers. Papers will normally be circulated 5 working days before the meeting

## **2. Public Information**

The PCC may publish any information that they feel helps the public of Northamptonshire to understand performance of Northamptonshire Police. The PCC will, from time to time, publish information on the OPCC website to help facilitate the understanding of performance by the public.

## **3. Informal Briefings**

A range of informal opportunities will be in place for the OPCC on behalf of the PCC to be informed of progress on key priorities, enabling a focusing of time and efforts by the PCC on areas that require attention.

JIAC Members

22 Nov 17

## **JOINT INDEPENDENT AUDIT COMMITTEE – ESTATES UPDATE**

Ref:

- A. Draft Joint Estates Strategy and Asset Management Plan.
- B. NCC Cabinet minutes detailing agreement on land swap at Wootton site and restricted covenants, dated 11 July 2017.

### **INTRODUCTION**

1. Northamptonshire Police estates portfolio has been lacking a coherent or co-ordinated strategy. The result has led to a lack of a comprehensive plan to understand the requirements of the estate and how that both supports the operational policing requirement and also how that links to in year and forecasted capital or revenue funding. The second order impact of this position has prevented a robust assessment of capital expenditure on estates matters that reduces the ability of the principal decision makers to make qualified judgements on priorities and investments. This is exasperated by the current financial pressures facing the Police and crime Commissioner (PCC).

### **AIM**

- 2. The aim of this report is to provide JIAC members with an update on the development of an estates strategy, specific estates issues and future direction.
- 3. The report does not seek to justify the current position with respect to the estates position but does layout the current position and detail plans to address current gaps in governance, estates planning and implementation.

### **RECOMMENDATIONS**

- 4. There are no recommendations from this update report.

### **ESTATES STRATEGY**

- 5. There has not been a fit for purpose estates strategy for the Northamptonshire Police estates portfolio for a significant period of time. Subsequently, there is no co-ordinated plan for short, medium or longer term implementation, which has led to individual decisions and expenditure without a wider understanding of the direction and vision. This is unacceptable.
- 6. A new “Joint Estates Strategy and Asset Management Plan”, Ref A, is currently under development. This new strategy provides the vision and direction for the estates

portfolio in order to support the operational delivery of the police<sup>1</sup> and wider public accessibility.

7. The vision for the strategy is as follows:
  - a. Create an efficient, fit for purpose and sustainable estate that delivers value for money and facilitates flexible working in line with the Police and Crime Plan.
  - b. Deliver an estate which provides an appropriate level of security for officers and staff and information.
  - c. Provide a visible and accessible service which enables multi agency working and promotes visible policing.
  
8. The strategy is largely complete and has five sections, as detailed below:
  - a. Estates Strategy.
  - b. Asset Management.
  - c. Implementation Plan.
  - d. Agile Strategy.
  - e. Reporting and Amendment Schedule.
  
9. The significant section that is currently under development is “Part B”, which is asset management. The portfolio current consists of 37 individual properties. Due to the previous lack of governance and co-ordinated approach to estates this is the section that is the current focus of attention. A series of internal workshops are underway to go through the portfolio property by property with the requirements of operational delivery and public accessibility layered over the top to ultimately arrive at three lists of properties:
  - a. Properties to retain with no investment required.
  - b. Properties to retain with investment required to update or amend to enable current and future operation requirements.
  - c. Properties to dispose of.
  
10. The workshops highlighted are programmed through to December 2017. The output of the workshops will inform Part B of the strategy, allowing for the strategy to be endorsed and published; capital programme, Treasury Management strategy and the Medium Term Financial Plan (MTFP).

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<sup>1</sup> The current draft strategy does not currently include other Blue Light service provision, with the exception of the development of the new HQ site at Wootton Hall. Subject to Home Secretary approval of the Fire Governance Business Case, the Fire estate will be incorporated as required. However, the overarching vision will not change.

11. Condition surveys are being planned for those properties that will be retained. This work has not been previously conducted. The condition surveys will inform future maintenance, improvement requirements and/or the requirement for alternative provision based on both geographic location and operational delivery. Individual investment appraisals/business cases will be developed for each location and be provided to the Estates Board for further recommendations to be provided to the PCC.

## HEADQUARTERS

12. This paper will not attempt to chronologically detail every event concerning the sale, relocation or decision making/reversal of the Headquarters site. However, the detail below provides the current position, as at 22 Nov 17.

- a. The contract for the sale of Wootton Hall, agreed by the previous PCC, remains extant.
- b. Negotiations and legal work continues for the sale of the Mereway flats, which will provide the real estate for the new school. Completion of this arrangement will negate the original contract detailed above.
- c. Negotiations and legal work continues with Northamptonshire County Council (NCC) regarding the land swap arrangements at Wootton. Ref B provides further detail.
- d. OPCC, force Headquarters, Fire Headquarters and a Divisional EMAS Headquarters will be based at Wootton Hall. Re-development plans are in the early stages of planning.
- e. The re-development of the Wootton site will be dependent on physical space, available funding over a set period, which will link to the capital programme and the MTFP.

13. Figure 1 below shows the planned future site layout at Wootton and Mereway.



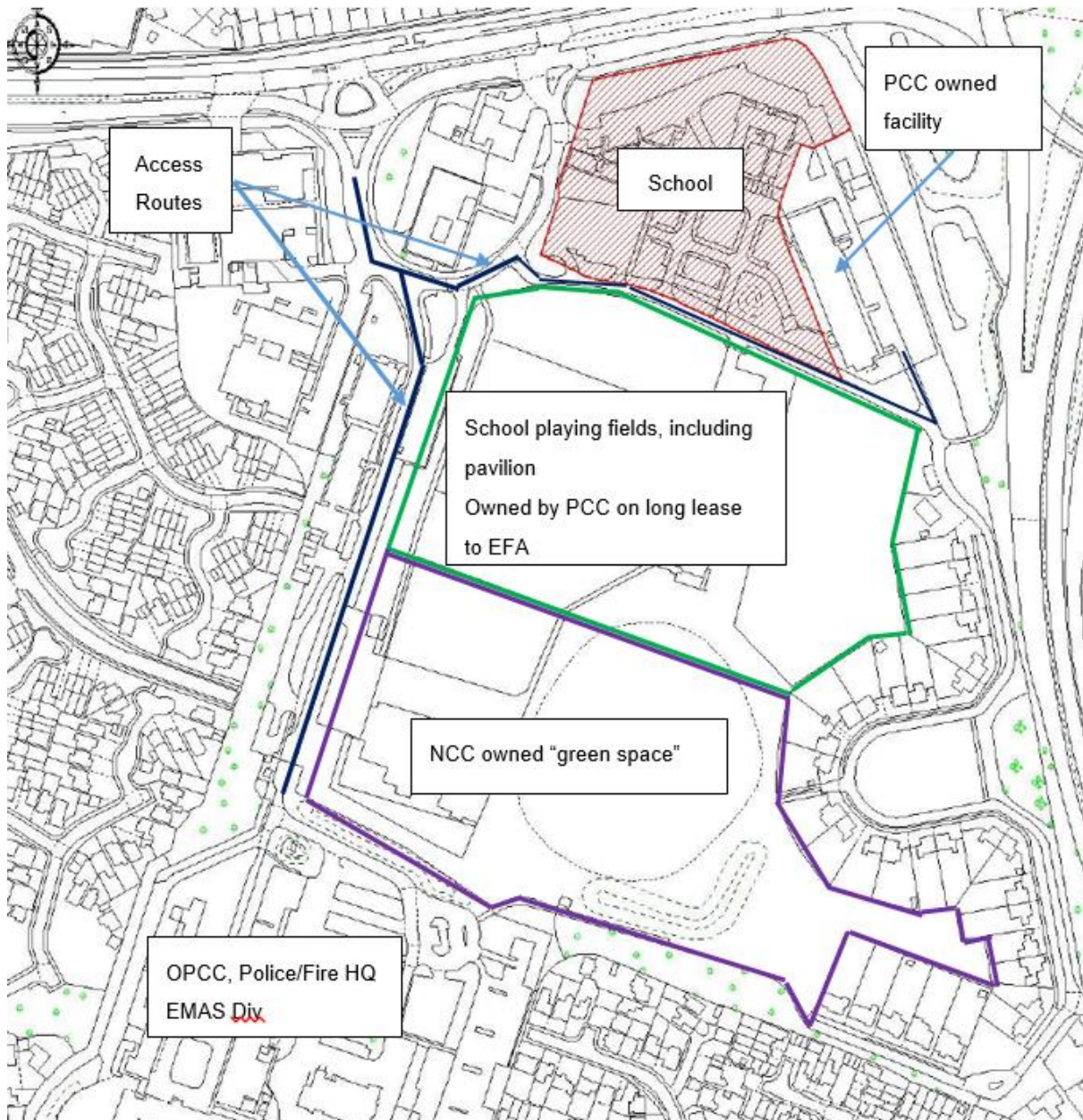


Figure 1. Planned layout at Wootton and Mereway.

## SUMMARY

14. The Northamptonshire Police estates portfolio has previously suffered from a lack of strategic direction. This situation is well understood and corrective action is well underway to ensure that the estate is a fit for purpose enabler for the delivery of operational policing. The intrinsically linked capital programme and MTFP will, moving forwards, be entirely cognisant of the estates requirements and recommendations for decisions will be based on robust governance.

MC SCOBLE  
CEO OPCC

**NORTHAMPTONSHIRE POLICE AND  
CRIME COMMISSIONER**

**1st April 2017**

**Treasury Management Strategy  
Statement  
2017-18**

Minimum Revenue Provision Policy Statement  
and  
Annual Investment Statement

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## **1. Introduction**

### **1.1 Background**

Treasury management is defined as:

“The management of the Commissions investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

The Commission is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Commission’s low risk appetite, providing adequate liquidity initially before considering investment return.

We remain in a very difficult investment environment. Whilst counterparty risk appears to have eased, market sentiment has still been subject to bouts of, sometimes, extreme volatility and economic forecasts abound with uncertainty. As a consequence, the Commission are not getting much of a return from deposits. Against this backdrop it is, nevertheless, easy to forget recent history, ignore market warnings and search for that extra return to ease revenue budget pressures. Therefore, we need to look at the product not the return on investment.

### **1.2 Statutory requirements**

The Local Government Act 2003 (the Act) and supporting regulations requires the Commission to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set prudential treasury indicators for the next three years to ensure that the Commission’s capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Commission to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act and included as paragraph 9 of this report); this sets out the Commission’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Department of Communities and Local Government has issued revised investment guidance which came into effect from 1 April 2010. There were no major changes required over and above the changes already required by the revised CIPFA Treasury Management Code of Practice 2009.

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### **1.3 CIPFA requirements**

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009 with some minor revisions in 2011) was first adopted by the former Northamptonshire Police Authority on 1<sup>st</sup> April 2010 and subsequently upon inception of the PCC.

The primary requirements of the Code are as follows:

The Commission is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

#### **Scrutiny**

The above reports are required to be adequately scrutinised before being recommended to the Commission. This role is undertaken by the JIAC Committee.

### **1.4 Treasury Management Strategy for 2017/18**

The strategy for 2017/18 in respect of the following aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Commission's treasury adviser, Capita Asset Services.

The strategy covers Treasury Management issues:

- the current treasury position;
  - treasury indicators which limit the treasury risk and activities of the Commission;
  - prospects for interest rates;
  - the borrowing strategy;
  - policy on borrowing in advance of need;
-

- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- policy on use of external service providers.

#### Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

### **1.5 Balanced Budget Requirement**

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Commission to produce a balanced budget to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects,

are limited to a level which is affordable within the projected income of the Commission for the foreseeable future.

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## 2. Treasury Limits for 2017/18 to 2018/19, actual 17/18, to estimates 2020/21

It is a statutory duty under Section 3 of the Act and supporting regulations, for the Commission to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The Commission must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon the future Commission Council Tax is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years; details of the Authorised Limit can be found in appendix 3 of this report.

## 3. Current Portfolio Position

The Commission's treasury portfolio position at 1<sup>st</sup> April 2017 comprises:

TABLE 1				Average rate
		£'m	£'m	%
Fixed rate funding:	-PWLB	£1.3		<b>4.79%</b>
	-Market	£0.0		
			£1.3	<b>4.79%</b>
Variable rate funding:	-PWLB	£0.0		
	-Market	£0.0		
Other long term liabilities:			0.0	
<b>Gross Debt</b>			£1.3	<b>4.79%</b>
Total investments			(£13.5)	0.76%
Net Borrowing			(£12.2)	(0.03%)

#### 4. Borrowing Requirement

The Commission's borrowing requirement is as follows:

TABLE 2	2016/ 17	2017/ 18	2018/ 19	2019/ 20	2020/21
	£'000	£'000	£'000	£'000	£'000
	Actual	Probable	Estimate	Estimate	Estimate
					0
Opening Borrowing	1,300	1,300	19,233	24,292	25,000
New Borrowing	0	16,833	12,581	8,583	2,027
Alternative Financing Arrangements	0	0	0	0	0
Replacement Borrowing	0	0	0	0	0
<b>Total CFR (borrowing requirement)</b>	<b>1,300</b>	<b>18,133</b>	<b>30,714</b>	<b>39,297</b>	<b>41,324</b>

Capital Financing Requirement (CFR) is a prudential indicator. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Commission's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR.

The minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Commissioner's borrowing requirement, these types of scheme include a borrowing facility and so the Commissioner is not required to separately borrow for these schemes.

The **Authorised Limit** for external debt sets the maximum level of external borrowing that the Commission can incur. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable in the longer term. It is the Commission's expected maximum borrowing need with additional scope for unexpected cashflow. The limit also provides scope for the Commission to borrow in advance of its need. The Affordable Borrowing Limit is the Commissioners Capital Investment plans that are affordable, prudent and sustainable and that local strategic planning and asset management planning are in place, in line with the Authorised Limit.

The **Operational Boundary** for external debt is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short-term periods during the year. It acts as an early warning indicator to ensure the authorised limit is not breached. Similar to the authorised limit it also provides scope for the Commission to borrow in advance of its need.

## 5. Prudential and Treasury Indicators for 2017/18 – 2017/18

Prudential and Treasury Indicators (as set out in tables 3, 4 and 5 in appendix 3 to this report) are relevant to the setting of an integrated Treasury Management strategy.

The Commission is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. Both the 2001 Code and the revised 2011 Code have been adopted in formulating the annual review of the Treasury Management Strategy.

## 6. Prospects for Interest Rates

The Commission has appointed Capita Asset Services as treasury advisor and part of their service is to formulate a view on interest rates going forward over the medium term. Appendix 2 draws together a number of current City forecasts for short term (Bank Rate), longer fixed interest rates. The following table gives the Capita Asset Services central view.

### Bank Rate forecast for financial year ends (March)\*

Annual Average %	Bank Rate %
Mar 2017	0.25
Jun 2017	0.25
Sep 2017	0.25
Dec 2017	0.25
Mar 2018	0.25
Jun 2018	0.25
Sep 2018	0.25
Dec 2018	0.25
Mar 2019	0.25
Jun 2019	0.25
Sep 2019	0.50
Dec 2019	0.75
Mar 2019	0.75

\*Capita information as at 4<sup>th</sup> February 2017

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% in order to counteract what is forecast was going to be a sharp slowdown in growth in the second half of 2016. It appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation,



(e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

## 7. Borrowing Strategy

### 7.1 Borrowing rates

The Capita comparison and forecast for the PWLB new borrowing rate is as follows: -

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

**The Commission's borrowing strategy will give consideration to new borrowing in the following order of priority: -**

1. The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years (at £20m the difference in interest rates between Mar 17 and 19 equate to £2m over the life of a potential 25 year loan (£0.1m per annum at 0.5%))
2. Temporary borrowing from the money markets or other local authorities
3. PWLB variable rate loans for up to 10 years
4. Short dated borrowing from non PWLB sources
5. Long term fixed rate loans at rates significantly below PWLB rates or market debt in the debt portfolio.

6. PWLB borrowing for periods under *5 years* where rates are expected to be lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt

**Sensitivity of the forecast** – The Commission is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Commissioner's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent.

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Corporate Finance Team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed. Currently, it is unlikely that we would consider debt rescheduling due to the level of current borrowing and costs of ending those loans.
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast*, perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then any proposed portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any decisions will be drafted and then passed to the s151 Officer at the earliest opportunity for a decision on policy.

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## **7.2 External v. internal borrowing**

- This Commission currently has net investments (after deducting outstanding borrowing), of £14.8m.
- The general aim of this treasury management strategy is to optimise the amount of long term funding taken over the next 3 years taking into account the credit risk incurred with investments. However, measures taken in the last year have already reduced substantially the level of credit risk (see paragraph 9) so another factor which will be carefully considered is the difference between borrowing rates and investment rates to ensure the Commission obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.
- The next financial year is expected to continue with a low Bank Rate of 0.25% to 0.54%. This provides a continuation of the current window of opportunity for the commission to run down investments short to medium term to part-fund the Capital Financing Requirement of the Capital Programme (this is referred to as internal borrowing). This would maximise short term savings.
- However, short term savings by avoiding new long term external borrowing in 2017/18 will be weighed up against the potential for incurring additional long term costs as a result of delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be significantly higher.

Against this background caution will be adopted with the 2017/18 treasury operations. The Chief Constable's S151 Officer financial department will monitor the interest rate market and adopt a pragmatic approach to changing circumstances.

## **7.3 Policy on borrowing in advance of need**

The Commission will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Commission can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Commission will: -

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
  - ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
  - evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
  - consider the merits and demerits of alternative forms of funding
-

- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- consider the impact of borrowing in advance, on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them

## **8. Debt Rescheduling**

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment.

The reasons for any rescheduling to take place will include: -

- the generation of cash savings and / or discounted cash flow savings
- helping to fulfil the strategy outlined in paragraph 7 above
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential left for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Audit Committee, at the earliest meeting following its action. Currently the debt is £1.3 million which reduces the opportunity for rescheduling.

## **9. Annual Investment Strategy**

### **9.1 Investment Policy**

The Commission's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Commission's investment priorities are: -

- (a) the security of capital and
- (b) the liquidity of its investments.

The Commission will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Commission is low in order to give priority to security of its investments. The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Commission will not engage in such activity.

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Investment instruments identified for use in the financial year are listed in appendix 4 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Commission's Treasury Management Practices – Schedules.

## 9.2 Creditworthiness policy

This Commission applies the creditworthiness service provided by Capita Asset Services (Capita). This service employs a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poors. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Commission to determine the duration for investments and are therefore referred to as durational bands. The Commission is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Commission would not be able to replicate using in house resources.

The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Capita's weekly credit list of worldwide potential counterparties. The Commission will therefore use counterparties within the following durational bands:-

- Yellow        5 years
- Purple        2 years
- Blue          1 year                    (only applies to nationalised or semi  
Nationalised UK banks and building  
societies)
- Orange       1 year
- Red            6 months
- Green        100 days
- No Colour    not to be used

The Capita creditworthiness service use ratings from all three agencies, and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

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All credit ratings will be monitored on a weekly basis. The Commission is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Commission's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the Commission will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Commission's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Commission will also use market data and market information, information on government support for banks and the credit ratings of that government support.

### 9.3 Country limits

The Commission has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings or its equivalent Moody's and Standard and Poors. The list of countries that qualify using this credit criteria as at the date of this report are shown in appendix 5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

The exception to this is if the UK were to be downgraded below the minimum level (as specified within Appendix 5), the Commission would still continue to invest with UK institutions as it considers the UK Government's guarantee of financial institutes is enough mitigation to warrant continuation of investment.

### 9.4 Investment Strategy

**In-house funds:** the Commission's in-house managed funds are mainly cash-flow driven. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

**Interest rate outlook:** Bank Rate has reduced to 0.25% from the previously unchanged rate of 0.5% since March 2009. Bank rate forecasts for financial year ends (March) are:

- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%

The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in bank rate occurs later). However, should the pace of growth quicken, there could be an upside risk.

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The suggested budget investment earnings rates on investment placed up to 100 days during each financial year end for the next five years are as follows;

2017/18	0.25%
2018/19	0.25%
2019/20	0.50%
2020/21	0.75%
2021/22	1.00%

For its cash flow generated balances, the Commission will seek to utilise its business reserve accounts, 15 and 30 day accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

### **9.5 End of year investment report**

At the end of the financial year, the Commission will report on its investment activity as part of its Annual Treasury Report.

### **9.6 External fund managers**

At the start of 2017/18, there was £7.7m of the Commission's funds externally managed on a discretionary basis by Investec Asset Management.

The Commission's external fund manager will comply with the Annual Investment Strategy. The agreement between the Commission and the fund manager additionally stipulate guidelines and duration and other limits in order to contain and control risk.

The managed portfolio is designed to achieve greater results than the ONPCC normally can achieve using standard investment strategies. The managed portfolio ensures a spread of investments and analysis to ensure appropriate limitation of risks, utilising;

5/10/40 rule – Good diversification

This refers to counterparty exposure and implies 40% of the fund can hold between 5%-10% in any one issuer, the balance (60%), has to be below 5% in any one issuer, ensuring a good spread of risk.

The basis of this agreement was being reviewed as at 31<sup>st</sup> March and the funds have now been withdrawn.

### **9.7 Policy on the use of external service providers**

The Commission uses Capita Asset Services as its external treasury management advisers.

The Commission recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Commission will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### **9.8 Scheme of delegation**

See appendix 7.

### **9.9 Role of the section 151 officer**

See appendix 8.

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## Appendices

1. MRP strategy
  2. Interest rate forecasts
  3. Prudential and Treasury indicators
  4. Specified and non-specified investments
  5. Approved countries for investments
  6. Economic Background
  7. Treasury management scheme of delegation
  8. The treasury management role of the section 151 officer
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## **APPENDIX 1**

### **Minimum Revenue Provision Policy Statement 2017/18**

The Commission implemented the new Minimum Revenue Provision (MRP) guidance, and will assess their MRP for 2017/18 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

All of the existing debt as at 1<sup>st</sup> April 17 of the MRP for 2017/18 will relate to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with option 2 of the guidance. Expenditure that is funded by new borrowing will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Commission. However, the Commission reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Commission are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

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## APPENDIX 2 Interest Rate Forecasts

The data below shows comparison of historic and forecasted rates.

**Capita:** interest rate comparison and forecast

Interest Rate Forecasts								
<b>Bank Rate</b>								
	<b>Q2 16</b>	<b>Q3 16</b>	<b>Q4 16</b>	<b>Q1 17</b>	<b>Q2 17</b>	<b>Q3 17</b>	<b>Q4 17</b>	<b>Q1 18</b>
<b>Capita</b>	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%
<b>Capital Eco.</b>	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	
<b>5yr PWLB Rate</b>								
<b>Capita</b>	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.60%	2.70%
<b>Capital Eco.</b>	1.85%	2.10%	2.35%	2.80%	2.80%	3.15%	3.15%	0.80%
<b>10yr PWLB Rate</b>								
<b>Capita</b>	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%
<b>Capital Eco.</b>	2.30%	2.55%	2.80%	3.05%	3.05%	3.30%	3.30%	0.80%
<b>25yr PWLB Rate</b>								
<b>Capita</b>	3.20%	3.30%	3.30%	3.50%	3.50%	3.60%	3.60%	3.70%
<b>Capital Eco.</b>	3.15%	3.30%	3.40%	3.50%	3.50%	3.65%	3.65%	0.80%
<b>50yr PWLB Rate</b>								
<b>Capita</b>	3.00%	3.10%	3.10%	3.30%	3.30%	3.40%	3.40%	3.50%
<b>Capital Eco.</b>	3.30%	3.45%	3.55%	3.65%	3.65%	3.80%	3.80%	0.80%

### APPENDIX 3 Prudential and Treasury Indicators –actuals 2017/18

<b>TABLE 3: PRUDENTIAL INDICATORS</b>	<b>2017/ 18</b>	<b>2018/ 19</b>	<b>2019/ 20</b>	<b>2020/ 21</b>	<b>2021/ 22</b>
<b>Extract from budget setting report</b>	<b>actual</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>					
TOTAL	19,154	17,320	17,274	3,481	2,474
<b>Net borrowing requirement</b>					
brought forward 1 April	1,300	18,133	31,664	44,974	47,313
Repayment of Debt					
in year borrowing requirement	16,833	13,531	13,310	2,339	2,050
carried forward 31 March	18,133	31,664	44,974	47,313	49,363
<b>Capital Financing Requirement as at 31 March</b>					
Capital expenditure	298	3,200	4,144	5,214	4,230
<b>Annual change in Cap. Financing Requirement</b>					
Capital Expenditure	0	2,902	944	1,070	(984)
<b>Incremental impact of capital investment decisions</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Increase in precept per annum	0.02	12.43	4.04	4.58	(4.21)

<b>TABLE 4: TREASURY MANAGEMENT INDICATORS</b>	<b>2017/ 18</b>	<b>2018/ 19</b>	<b>2019/ 20</b>	<b>2020/ 21</b>	<b>2021/ 22</b>
	<b>Actual</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>	<b>estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised Limit for external debt - borrowing</b>	35,000	35,000	55,000	55,000	55,000
other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>35,000</b>	<b>35,000</b>	<b>55,000</b>	<b>55,000</b>	<b>55,000</b>
<b>Operational Boundary for external debt- borrowing</b>	25,000	33,000	47,500	50,000	52,500
other long term liabilities	0	0	0	0	0
<b>TOTAL</b>	<b>25,000</b>	<b>33,000</b>	<b>47,500</b>	<b>50,000</b>	<b>52,500</b>
<b>Actual external debt</b>	18,133	31,664	44,974	47,313	49,363
<b>Upper limit for fixed interest rate exposure</b>					
Net interest re fixed rate borrowing / investments	2.00%	3.90%	3.90%	3.90%	3.90%
<b>Upper limit for variable rate exposure</b>					
expressed as either:-					
Net interest re variable rate borrowing / investments	0.50%	0.50%	1.00%	1.50%	2.00%
<b>Upper limit for total principal sums invested for over 364 days (per maturity date)</b>	£1m	£1m	£1m	£1m	£1m

<b>TABLE 5: Maturity structure of fixed rate borrowing during 2015/16</b>	<b>upper limit</b>	<b>lower limit</b>
under 12 months*	33%	0%
12 months and within 24 months	33%	0%
24 months and within 5 years	33%	0%
5 years and within 10 years	33%	0%
10 years and above	100%	0%

\* There will be no repayment within 2017/18

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## APPENDIX 4 Specified and Non-Specified Investments

### SPECIFIED INVESTMENTS:

Excluding Investec, all such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable

	<b>Minimum Credit Criteria / colour band</b>	<b>Use</b>
Debt Management Agency Deposit Facility	-	In-house
Term deposits – local authorities	-	In-house
Term deposits – banks and building societies	See note 1	In-house

### Term deposits with nationalised banks and banks and building societies operating with government guarantees

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max total investment</b>	<b>Max. maturity period</b>
Contracted Bank Group (Natwest)	See note 1 & 2	In-house	<b>£30m *</b>	<b>364 days</b>
Contracted Bank Group Short Term Interest Bearing Account (SIBA)	See note 1 & 2	In-house	<b>£8m</b>	<b>364 days</b>
Investec Asset Management	Rated at appointment	In-house	<b>£10m</b>	<b>On-going</b>
UK national banks	See note 1	In-house	<b>£5m</b>	<b>364 days</b>
UK nationalised banks	See note 1	Fund Managers	<b>£5m</b>	<b>364 days</b>
UK Building Societies	See note 1	Fund Managers	<b>£3m</b>	<b>182 days</b>
Banks nationalised by high credit rated (sovereign rating**) countries – non UK	Sovereign rating	In-house and Fund Managers	<b>£5m</b>	<b>182 days</b>

\* This is an extremely unlikely situation, the £30m is a contingency should Grants, Precepts and other funding be received on the same day into the Natwest Account and/or there was another banking crisis resulting in frozen

accounts or there is not the capacity to transfer funds out to call accounts/ money markets or investments.

\*\* Sovereign Rating is the rating of the country see Appendix 5

Where significantly advantageous for Value for Money purposes or unavoidable due to exceptional situations, such as banking crisis, individual cases to exceed the above stated limits, will be made to the Acting Director of Resources to approve time limited changes, which will not exceed 6 months in each individual case.

### Note 1

These colour codes are used by the Commission to determine the suggested duration for investments. The Commission will therefore use counterparties within the following durational bands;

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK banks and building societies)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	P	B	O	R	G	N/C
1	2	3	4	5	6	7
Up to 5yrs	Up to 2yrs	Up to 1yrs	Up to 1yrs	Up to 6mths	Up to 100days	None

### Note 2

The Commission contracts a UK nationalised bank to provide its banking facilities. The risk of failure of any bank is equally weighted across any given working day/ hour, it is important that the Commission highlights that if the bank were to fail, any assets at this time would be frozen and all deposits at that point in time potentially seized (subject to a governmental guarantee).

Therefore, the calculated maximum liability for the Commission's own bank could be in excess of £28m (current cash flow assumes the busiest transactional day would be £6m Revenue Grant, £13m Police Pension Top Up Grant, £5m Precept (Council Tax) Income, any other given adhoc income received and £8m invested within the high interest account provider by Natwest known as SIBA (Short Term Interest Bearing Account)).

The banking community is tightening up third party deposit management, which has resulted in occasional requirements for minimum deposits to exceed £10m with providers meeting the minimum risk criteria. This combined with Fiscal constraints has meant that many providers are offering below Bank of England interest rates (even when terms over 3 months are agreed, with the UK Debt Management Office offering either zero or negative interest rates within June 2013) and this has left the Commission either unable to place risk adverse deposits or to place deposits within interest bearing facilities.

The guarantee previously offered by the UK Government generally covers the Commission's banking provider and is unlimited, however, this could change if the fiscal position of the UK economy changes, but this would also affect other facility providers and would require a full review of the Commission's TM strategy.

Therefore, it has been determined that where the Commission is unable to place deposits with providers that meet the minimum creditworthiness criteria, a provider offers interest that are either negative or zero or those providers require deposits that is above the maximum investible threshold for the Commission, that the Commission assumes a strategy to minimise the risk to cash balances and to maintain Value for Money within the TM strategy. The approved process is to maintain balances within its own banking provider up to the limit of £30m on any given day\*, but this will be subject to daily review and scrutiny by the investment team. This will give the Commission the flexibility to move and manage these funds at very short notice and not to hamper cash flow management, whereas placing deposits with long term providers to avoid the £5m cap, could result in cash flow management difficulties and not reduce perceived risk.

\*unless under exceptional circumstances, such as with the 2007/08 banking crisis, and the Director for Resources Governance, and Transformation approves such a decision.

Deposits across the Commission's Banking Group (the three Natwest OPCC Bank Accounts and Natwest SIBA account) that exceed the standard £8m TM cap (excluding end of day balances which do not usually exceed £0.1m (£8.1m)) as a result of not being able to invest in another body, will not be held for a time exceeding 30 days without referral to the Acting Director for Resources. But in accordance with the above, any balance above £8.1m will be reviewed on a daily basis until it can be reduced to the standard allowable threshold (£8.1m).

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**NON-SPECIFIED INVESTMENTS:** *Excluding Investec, a maximum of 20% will be held in aggregate in non-specified investment*

1. Maturities of ANY period

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
<b>Fixed term deposits with variable rate and variable maturities: -</b> Structured deposits	See note 1	In-house	100%	2 years
Other debt issuance by UK banks covered by UK Government (explicit) guarantee	See note 1	In-house and Fund Managers	20%	364 days

Note 1

Y	P	B	O	R	G	N/C
1	2	3	4	5	6	7
Up to 5yrs	Up to 2yrs	Up to 1yrs	Up to 2yrs	Up to 6mths	Up to 100days	None

2. Maturities in excess of 1 year

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
Term deposits – local authorities	--	In-house	20%	2 years
Term deposits – banks and building societies	See note 1	In-house	100%	2 years

See Note 1

*Data as at 1<sup>st</sup> April and is subject to review.*

**APPENDIX 5 Approved countries for investments\***

## AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

## AA+

- Finland
- Hong Kong
- U.S.A.

## AA

- Abu Dhabi (U.A.E)
- France
- Qatar
- UK

## AA-

- Belgium

It is assumed unless the UK reduces below BB that this will continue to be an investible country, unless mandated by UK Government to ensure liquidity of UK nationwide resources and GDP (e.g as part of a UK banking crisis requiring the UK Government to ensure that liquid cash balances are maintained within the UK).

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## APPENDIX 6 ECONOMIC BACKGROUND

**UK. GDP growth rates** in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.6%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys, which were interpreted by the Bank of England in its Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following surveys showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

The latest MPC decision included a forward view that Bank Rate could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

The Chancellor has said he will do 'whatever is needed' i.e. to promote growth; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the

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Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending

The other key factor in forecasts for Bank Rate is inflation where the MPC aims for a target for CPI of 2.0%. The MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

What is clear is that consumer disposable income will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure is expected to be on an upward trend in 2016 and reached 1.6% in December.

#### Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
  - March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
  - UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
  - The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
  - The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.
  - If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
  - On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
  - The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.
  - It is possible that some sort of agreement could be reached for a transitional time period for actually implementing Brexit after March 2019 so as to help exporters to adjust in both the EU and in the UK.
-

## **APPENDIX 7 Treasury management scheme of delegation**

### **(i) Commissioner**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

### **(ii) The Joint Independent Audit Committee**

- reviewing the treasury management policy and procedures and making recommendations to the Commissioner.
-

## **APPENDIX 8      The Treasury Management role of the section 151 officers**

### **The S151 (responsible) officers\***

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

\* Under Section 7.5 of the Financial Regulations, the Police & Crime Commissioner has delegated responsibility for Treasury Management to the Police & Crime Commissioner's CFO in liaison with Chief Constable's CFO.

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COMMUNITY JUSTICE SECURITY



**Report to the Audit Committee  
4th December 2017**

**Report of the Chief Finance Officer and  
Assistant Chief Officer (Finance & Resources)**

**TREASURY MANAGEMENT FORECAST OUTTURN 2017-18**

**RECOMMENDATION**

The Committee is recommended to note this report.

**1 PURPOSE OF THE REPORT**

- 1.1 This report provides an update on the Interim outturn position on Treasury Management Performance for the Office of the Northamptonshire Police and Crime Commissioner (OPCC) for the financial year 2017-18

**2 BACKGROUND**

- 2.1 The Bank of England (BoE) base rate increased for the first time in a decade to 0.5% from 0.25% on 6<sup>th</sup> November 2017.
- 2.2 Forecasts for 2017-18 were for the BoE base rate to remain at 0.5% until quarter 3 which is predicted to increase to 0.75%. Table 1 summarises the budget, forecast and variance in respect of Treasury Management income and expenditure for the current year. Table 2 summarises the budget and outturn for 2016-17.

**Table 1**

	<b>Budget 2017-18 £'000s</b>	<b>Forecast Outturn 2017-18 £'000s</b>	<b>Sums (Invested) Borrowed £'000s</b>	<b>Average Return / Cost %</b>	<b>Variance £'000s</b>
<b>Net Interest (Receivable)</b>					
Managed Funds-Investec	(34)	0	0	1.26%	34
Short-term fixed deposits	(25)	(20)	(5,315)	0.11%	5
<b>Total</b>	<b>(59)</b>	<b>(20)</b>	<b>(5,315)</b>		<b>39</b>
<b>Net Interest Payable</b>					
PWLB - fixed rate loans	611	63	1,300	4.82%	(548)
Short - term loans	5	0			(5)
Current Account	20	0			(20)
<b>Total</b>	<b>636</b>	<b>63</b>	<b>1,300</b>		<b>(573)</b>
<b>Net Interest - (Receivable) / Payable</b>	<b>577</b>	<b>43</b>	<b>(4,015)</b>		<b>(534)</b>

**Table 2**

	<b>Budget 2016-17 £'000s</b>	<b>Outturn 2016-17 £'000s</b>	<b>Variance £'000s</b>
<b>Net Interest (Receivable)</b>			
Managed Funds-Investec	(106)	(12)	(94)
Short-term fixed deposits	(50)	(20)	(30)
<b>Total</b>	<b>(156)</b>	<b>(32)</b>	<b>(124)</b>
<b>Net Interest Payable</b>			
PWLB - fixed rate loans	611	63	548
Short - term loans	5	0	5
Current Account	20	0	20
<b>Total</b>	<b>636</b>	<b>63</b>	<b>573</b>
<b>Net Interest - (Receivable) / Payable</b>	<b>480</b>	<b>31</b>	<b>449</b>

2.2 The monies invested on our behalf by Investec were recalled following consultation with and approval by the OPCC in the first quarter 2017/18. This was completed following a review of the funds' performance, the short to medium term cashflow needs and the updated capital investment plans. The average return on the Investec for the year was -0.07% (0.16% 16/17) against the PWLB rate of 2.74%, therefore, it was financially prudent to utilise internal borrowing rather than external investment.

2.3 In reality the CC revenue budget of £115.7m is currently forecast to slightly over spend and as a result has limited cash balances, however, capital expenditure to Sep-17 was £8.116m, against a year to date budget of £18.493m, which is forecast to slip by around 10%. Around



75% of the year to date expenditure relates to the finalisation of the Northern Accommodation Hub.

2.4 Despite the recent changes in BoE base rates, internal Treasury Management investment options have continued to be limited by the financial environment. The forecast outturn is expected to under achieve on interest earned by £39,000.

2.5 All lending has been maintained within the maximum criteria for amounts and days as defined within our approved investment criteria. Additionally, no investments are made in instruments whose capital value may fluctuate in order to comply with the objective of principal security first.

## 2.6 Counterparties Limits

Shown below are the counterparty limits, as per the Treasury Management Strategy.

	Use	Max £ of total investments	Max. maturity period
Contracted Bank Group (Natwest)	In-house	£30m	364 days
Contracted Bank Group Short Term Interest Bearing Account (SIBA)	In-house	£8m	364 days
UK banks	In-house	£5m	364 days
UK banks	Fund Managers	£5m	364 days
Banks high credit rated (sovereign rating) countries – non UK	In-house and Fund Managers	£5m	182 days

As at 30<sup>th</sup> September 2017 there had been no breaches of the counterparty limits. If this should occur then members would be notified and informed of the appropriate action that was taken.

## 2.7 Long-term borrowing

No long term borrowing has yet been required during 2017-18, however in accordance with the Capital Outturn report; borrowing will be required in order to fund the proportion of the 2017-18 capital programmes. This delay in borrowing is currently resulting in a forecast under-spend on interest paid of £0.548m, with a further £0.856m underspend within the debt repayment budget.

## 2.8 Short-term borrowing activities

During 2017-18, we have a temporary overdraft facility with our banking provider NatWest, which has meant we have been able to manage our external investment maturities against low level in month cash shortfalls. Deposit reductions may occur later in the year due to capital investments.

## 2.10 **Conclusion**

The Force has under achieved against its forecast on Treasury Management Activity for the Year to Date position, which is predominantly due to the continued low BoE interest rate, the reliance upon funding the capital programme through cash flow and the limited investment opportunities outside of a few UK banks. Rates are expected to improve slightly through the second half of 2017-18.

**HELEN KING - Chief Finance Officer – Section 151 Officer**

**PAUL DAWKINS – Assistant Chief Officer (Finance & Resources) - Section 151 Officer**

Author: Debbie Clark – Strategic Exchequer & Corporate Accountant

Background Papers: None

# JIAC HMICFRS November Update report

Author: Gary Ashton

## INTRODUCTION

This report provides an update on recent HMICFRS activities and an outline of planned activities for the forthcoming period.

## EFFICIENCY PRE PUBLICATION CHECK

HMIC issued their PPC in September, providing an opportunity for comment and feedback on the content of the report. The comments were considered by HMIC in producing the final publication, available on the HMICFRS website.

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/peel-police-efficiency-2017-northamptonshire/>

## LEGITIMACY PRE PUBLICATION CHECK

HMIC issued their PPC in October, providing an opportunity for comment and feedback on the content of the report. A detailed response was prepared following consultation with appropriate stakeholders. HMICFRS will consider the comments in determining their final publication, expected on 9/12/17.

## EFFECTIVENESS INSPECTION

Mid-October saw the formal phase of the PEEL Effectiveness Inspection, with a team of 11 inspectors visiting the force throughout the week of 16<sup>th</sup> October. The inspection was preceded by a detailed document and data submission and a self-assessment.

The inspection commenced with a formal chief officer briefing and followed a detailed timetable agreed in advance with HMI. The inspection included meetings with key stakeholders and reality visits to speak with officers and staff to provide some insight into how strategies and plans translate into tactical, operational activity. During the course of the week, HMI requested a variety of additional documents (often prompted by interviews with our leaders/workforce) which were duly supplied. The week concluded with an initial debrief.

CDD have submitted additional evidence to HMI for their consideration. A further data submission was provided to HMI at the conclusion of the Inspection week, addressing queries or data outliers that became apparent when the Northamptonshire submission was viewed alongside submissions by other England and Wales forces.

## CROSS CUTTING THEMES

The three HMIC Inspections point towards four themes; these represent the first attempt to take a more thematic approach to improvement activities, in an effort to move away from the vast detail captured in the AFI tracker and more towards a “Continuous Improvement” ethos championed through both AFI GOLD sessions and the new Performance Improvement Group meetings.

Consistent with the HMI move towards Force Management Statements, these themes invite us to assess our own Efficiency, Effectiveness and Legitimacy, independent of a third-party inspection.

- Understanding and driving my business, now and into the future, including the reality on the ground
- Strategic and Operational Partnerships and Collaborations
- Public Scrutiny/Engagement
- Workforce development, engagement and empowerment

## GOVERNANCE OF IMPROVEMENT AREAS

Pending the establishment of a more thematic approach, the AFI tracker will continue to be maintained – this will continue to be managed by CDD, driven by business leads and governed by the DCC-led AFI Gold Group.

With the conclusion of the *Effectiveness* inspection week, the following changes have been recommended to the Force Assurance Board for inclusion into the AFI tracker in November 2017:

- Force Assurance Board recommendations agreed in August 2017
- Efficiency and Legitimacy hot debrief AFIs replaced with those detailed in the Pre-Publication reports
- Effectiveness hot debrief AFIs included
- Duplicate or Superseded AFIs removed

Following these changes (subject to approval) the tracker will reflect the following AFI position:

AFIs	Recommended for closure	Live	
Legitimacy	2	10	Mainly treatment of our workforce
Efficiency	2	4	
Effectiveness	8	17	Mainly SOC, Demand and core/volume investigation
Leadership	1	0	
	<b>13</b>	<b>31</b>	<b>44</b>

## FORCE MANAGEMENT STATEMENTS

The much anticipated FMS template and guidance was circulated in October, including briefing activities hosted by HMICFRS. FMSs will replace the current PEEL approach. We anticipate that our Organisational Strategic Assessment, currently progressing through the Organisational Performance Group for approval to COT later this year, will transfer well to the new FMS format, making the first draft FMS publication in May 2018 a realistic, though nevertheless challenging prospect.

Given the other pressures faced in September and October, work will commence apace in December/January, following finalising of our OSA.

## OTHER RECENT HMI ACTIVITIES

**Modern Slavery and Human Trafficking:** October saw the publication of *Stolen freedom: the policing response to modern slavery and human trafficking*. The report makes a number of recommendations which have been summarised and shared with Det.Ch.Supt. Kate Meynell. The report contains no force by force breakdown and makes no specific mention of Northamptonshire Police.

**Domestic Abuse data to be shared with the ONS:** On 31st August, HMI Billingham wrote to forces to explain that HMICFRS have agreed to share some domestic abuse data collected in the 2017 PEEL Effectiveness data collection, with the ONS for their statistical publication. We submitted our data in support of this in early October to meet the submission deadline.

**Abuse of Position for a Sexual Purpose:** Early October saw the publication of Abuse of position for sexual purpose (Police Legitimacy). The report and recommendations were shared with Supt Mark Behan for implementation in Northamptonshire. The report recognises that Northamptonshire have a plan to deploy IT systems monitoring. This is now partially in place with the remaining software to be fully deployed by the end of November. It also recognises that Northamptonshire Police has commenced intelligence gathering from relevant organisations to assist in the tackling of abuse of authority. The report is otherwise brief and concludes that HMIC will inspect this area in a subsequent inspection. It should be noted that other forces received far lengthier (and more critical) reports than did Northamptonshire.

**Value for Money profiles:** In October the 2017 Draft Value for Money profile was shared with the force for data checking / review. The profile was assessed by the Performance Analysts and returned to meet the 20<sup>th</sup> October deadline.

**Child Protection Inspection:** During September, colleagues from the Public Protection Command (notably DCI Lorraine Gordon) supported HMICFRS's National Child Protection inspection programme. This commenced in April 2014 and aims to inspect the child protection work of every police force in England and Wales. The findings of the inspections are intended to provide information for the police, the police and crime commissioner and the public on how well children are protected and their needs are met, and to secure improvements for the future. Nineteen forces have been inspected under this programme to date, and associated post-inspection activity has been completed or is underway across these forces. Reports of the inspections, and post-inspection reviews and re-inspections, are available on HMICFRS's website. HMI have selected forces for inspection on the basis of risk, drawing on relevant data and previous inspection findings. That process is regularly refreshed during the programme. HMI notified us that our force will be inspected between October 2017 and March 2018. As a pre-cursor to that inspection, HMI requested that we undertake a self-assessment, conduct a self-audit of a number of cases and provide HMICFRS with a number of supporting documents. This was an extensive activity providing a sense of the work involved in this comprehensive inspection programme; the inspection visit is expected to be rigorous.

**Crime Data Integrity inspection:** Notification was received in autumn of the Crime Data Integrity inspection dates allotted in 2018. The force will have little advance notification of our specific inspection date however.



NORTHAMPTONSHIRE POLICE - CORPORATE RISK REGISTER

Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0000	Open	THERE ARE CURRENT DISCUSSIONS ONGOING RELATING TO REQUIREMENTS FOR PCC TO TAKE ON ADDITIONAL RESPONSIBILITIES. THIS INCLUDES MATTERS SUCH AS WIDER CJ RESPONSIBILITIES AND POLICE COMPLAINTS. THE RISK IS THAT WITH NO DETAILS IN RELATION TO THIS IT IS NOT POSSIBLE TO ASCERTAIN ANY POTENTIAL ADDITIONAL RESOURCE REQUIREMENT NEEDED TO DELIVER THIS.	Medium	High	High	THERE IS AN OPPORTUNITY TO ENSURE MORE EFFECTIVE MANAGEMENT OF THIS RISK BY AN EARLY INDICATION OF WHETHER POLICE AND CRIME COMMISSIONERS IN THE EM REGION INTEND TO ADOPT A REGIONAL APPROACH TO PSD AND ALSO THEIR PREFERRED OPTION FOR THE MANAGEMENT OF THE COMPLAINTS PROCESS FROM THE OPTIONS PROPOSED.	Low	High	Medium	<p>STABLE TREND AS OF 19TH APRIL 2017. SEE COMMENTS ABOVE TO EXPLAIN THIS.</p> <p>UPDATE - 19TH APRIL 2017 -</p> <p>THIS DECISION HAS NOW BEEN MADE BY PCCS IN THE TRI FORCE COLLABORATION ARRANGEMENTS. THIS DECISION WAS NOT TO PROCEED WITH ANY FORM OF REGIONAL COLLABORATION IN RELATION TO PSD. THIS MAKES A DECISION AS TO HOW WE MANAGE THIS ELEMENT OF CHANGE MORE SIMPLE AS THIS IS LIKELY TO NOW BE DONE ON A SINGLE FORCE BASIS ONLY AT THIS TIME.</p> <p>UPDATE 29TH JUNE 2017 -</p> <p>THIS IS A REDUCED RISK OVER THIS REVIEW PERIOD. THE BASIS FOR THIS REDUCTION IS THAT WHILE THERE IS STILL A HIGH LIKELIHOOD OF THIS TAKING PLACE AT SOME POINT IN THE FUTURE THERE ARE SUFFICIENT CONTROL MEASURES IN PLACE TO ENSURE AN EFFECTIVE RESPONSE TO THEM TAKES PLACE THAT MEANS IMPACT IS MUCH MORE LIKELY TO BE LOW.</p> <p>UPDATE 30TH AUGUST 2017</p> <p>SINCE LAST REVIEW PCC, PF AND SM HAVE ATTENDED A HOME OFFICE BRIEFING IN RELATION TO THIS MATTER. THIS ALONG WITH A SUPPORTING INITIAL SCOPING PAPER HAS ALLOWED PCC TO MAKE A DECISION THAT HE WISHES TO ADOPT OPTION 2 IN THE NEW GUIDELINES. THIS HAS PROVIDED A GOOD DIRECTION OF TRAVEL.</p> <p>RISKS REMAIN IN RELATION TO NO CLARITY OVER DATE OF COMMENCEMENT WITH SUMMER, POSSIBLY JUN BEING CITED BY HOME OFFICE BUT THIS REQUIRES PASSING OF REGULATIONS THROUGH PARLIAMENT. ADDITIONALLY NO CLARITY CURRENTLY EXISTS FROM IPCC IN RELATION TO DATE FOR RECEIPT OF NEW STATUTORY GUIDANCE NOTES.</p> <p>INITIAL MEETING TAKEN PLACE WITH PSD TO SCOPE INITIAL PROCESSES AND PROCEDURES. ADDITIONAL MEETINGS SCHEDULED WITH PSD AND OTHER DEPARTMENTS TO CONTINUE THIS PROCESS. WORK STARTED ON CONSIDERATION OF AN APPROPRIATE CALL AND CASE MANAGEMENT SYSTEM, AS WELL AS ASSESSMENT OF WORK TO ASSIST IN DETERMINATION OF RESOURCE REQUIRED TO IMPLEMENT AND MANAGE ON</p>	03/01/2018	Reducing



NORTHAMPTONSHIRE POLICE - CORPORATE RISK REGISTER

Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0000	Open	LACK OF RESILIENCE WITHIN THE OPCC COMMUNICATIONS STRUCTURE AND POSSIBILITY OF INEFFECTIVE LINKS BETWEEN THIS AND FORCE CORPORATE COMMUNICATIONS TEAM PRESENTS A RISK OF DUPLICATION, LACK OF FOCUS OR LACK OF CONSISTENCY IN INTERNAL AND EXTERNAL MESSAGING RESULTING IN RISK OF PROPERLY INFORMING STAFF AND THE PUBLIC ON ASPIRATIONS AND SUCCESSES OF THE FORCE AND OPCC, LACK OF PUBLIC REASSURANCE AND CONFIDENCE AND FAILURE TO SUPPORT EFFECTIVE DELIVERY OF POLICE AND CRIME PLAN.	Medium	High	High	ENSURE PROPER AND EFFECTIVE MANAGEMENT OF RECRUITMENT PROCESS IS IN PLACE ENSURE COMPLETION OF NEEDS ASSESSMENT	Low	Low	Low	<p>UPDATE 29TH JUNE 2017 -</p> <p>SINCE THIS RISK WAS RAISED TWO NEW POSTHOLDERS HAVE BEEN APPOINTED, A MANAGER POST TO LEAD CAMPAIGNS AND COMMUNICATIONS AND THE MAKING PERMANENT OF AN ENGAGEMENT OFFICER POST. THESE TWO APPOINTMENTS HAVE RESOLVED THE IMMEDIATE CAPACITY ISSUE INTERNALLY.</p> <p>THE OPCC HAVE BEEN INVITED TO PROVIDE A RESPONSE TO AN INTERNAL FORCE COMMUNICATIONS TEAM REVIEW. THIS HAS, ALONG WITH WORK DONE ON SDM PROPOSALS LED TO A BETTER UNDERSTANDING OF ROLES AND SUPPORT THAT CAN BE OFFERED TO EACH OTHER.</p> <p>UPDATE 4TH JULY 2017</p> <p>AFTER PRESENTATION OF THE RR TO CEO AND PCC THIS DATE THE PCC WANTS FURTHER</p> <p>EXPLORATION BY COMMUNICATIONS TEAM IN OPCC ON WAYS TO BETTER ENSURE HE AND WE AS AN OFFICE ARE BETTER INFORMED AHEAD OF KEY EVENTS</p> <p>UPDATE 10TH JULY 2017 UPDATED COMMS PLAN AND STRATEGY TO BE IN PLACE BY 31ST JULY 2017</p> <p>UPDATE 30TH AUGUST 2017 SINCE LAST REVIEW</p> <p>COMMS PLAN AND STRATEGY FINAL DRAFT NOW COMPLETED AND AWAITING SIGN OFF BY DIRECTORS AND PCC. FULL RESILIENCE NOW IN PLACE IN INTERNAL COMMS TEAM. AND THIS IS SUPPORTED BY EXTERNAL RESILIENCE VIA CURRENT CONTRACT WITH JUMP COMMUNICATIONS. STILL REQUIRES FORMAL ENGAGEMENT OF INTERNAL TEAM IN THE FORCE CONSULTATION PROCESS FOR REVIEW OF FORCE COMMS TEAM. THIS IS NOW LOW RISK WITH ONLY OUTSTANDING PIECE BEING INPUT INTO FORCE REVIEW AND OFFICIAL SIGN OFF OF PLAN. LARGELY THE ORIGINAL RISK IS RESOLVED RELATING TO THE ISSUE OF INTERNAL RESILIENCE.</p> <p>UPDATED 22ND NOVEMBER 2017</p>	21/12/2017	Reducing

NORTHAMPTONSHIRE POLICE - CORPORATE RISK REGISTER

Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0000	Open	A LACK OF A COHERENT ESTATES STRATEGY CREATES A RISK OF UNCERTAINTY OF FUTURE DEPLOYMENT OF OPERATIONAL RESOURCES AND INABILITY TO EFFECTIVELY MATCH RESOURCES TO DEMAND (OPERATIONAL OR FINANCIAL) AND THEREFORE BEST SERVICE DELIVERY.	High	Medium	High	FINAL DELIVERY OF ESTATES STRATEGY THIS WILL INCLUDE SHAPE OF ESTATES, DECISIONS ON NEW BUILDS AND ASSETS TO BE DISPOSED OF, DEEMED TO BE SURPLUS TO REQUIREMENTS.	Low	Medium	Medium	<p>WILL REQUIRE CAREFUL MONITORING AND REGULAR REVIEW</p> <p>UPDATE 29TH JUNE 2017 -</p> <p>THE CEO OPCC HAS DRAFTED THE FIRST ITERATION OF THE ESTATES STRATEGY AND DISTRIBUTED AROUND STAKEHOLDERS FOR COMMENT. THE STRATEGY WAS RAISED AT THE ESTATES BOARD ON 6 JUN 17 WITH A DESCRIPTION OF THE INTENT, CONTENTS AND FUTURE REQUIREMENTS TO PROVIDE BOTH A COHERENT STRATEGY AND A DETAILED DELIVERY PLAN TO SIT UNDERNEATH AND IMPLEMENT. THE CHIEF CONSTABLE TOOK AN ACTION FROM THE ESTATES BOARD TO PROVIDE AN OPERATIONAL APPRAISAL OF THE ESTATES REQUIREMENT IN RELATION TO CURRENT AND FUTURE SDM/OP BALANCE REQUIREMENTS. THIS WILL ALLOW A DETAILED UNDERSTANDING OF THE CURRENT, SHORT, MEDIUM AND ELEMENTS OF THE LONGER TERM ESTATES. THE RESULTS WILL ALLOW FOR THE DEVELOPMENT OF THE DELIVERY PLAN AND FEED THE ASSOCIATED CAPITAL PROGRAMME AND RESERVES STRATEGY. THE INTENT IS TO HAVE THOSE DOCUMENTS PREPARED, AT LEAST IN DRAFT, BY THE END OF JUL 17</p> <p>UPDATE 30TH AUGUST 2017</p> <p>NO SIGNIFICANT CHANGE SINCE LAST REVIEW.</p> <p>OPCC STILL AWAITING OPERATIONAL UPDATE AND ASSESSMENT OF DRAFT STRATEGY FROM FORCE.</p> <p>UPDATE 30TH NOVEMBER 2017</p> <p>DRAFT STRATEGY HAS BEEN WRITTEN. SERIES OF WORKSHOPS ARE UNDERWAY TO FACILITATE DETAILED IMPLEMENTATION PLANS. PART B OF THE STRATEGY TO ENABLE DELIVERY OF NEWLY ESTABLISHED OPERATIONAL POLICING MODEL</p>	31/08/2017	No Change



NORTHAMPTONSHIRE POLICE - CORPORATE RISK REGISTER

Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0000	Open	UNCERTAINTY IN RELATION TO LONGER TERM FINANCIAL SETTLEMENT FROM CENTRAL GOVERNMENT, ALONGSIDE FLAT LINE BASE BUDGET SETTLEMENTS CREATES A RISK OF INSUFFICIENT FUNDING TO SUPPORT A VIABLE OPERATIONAL POLICING SERVICE, LEADING TO INABILITY TO DELIVER AN EFFECTIVE AND EFFICIENT POLICE FORCE FOR LOCAL COMMUNITIES, POLICE AND CRIME PLAN AND PROPERLY MANAGE THREATS AND RISKS.	High	Medium	High	TO DEVISE AND GET ADOPTED A ROBUST ACCOUNTABILITY PROCESS (INTERNAL AND BETWEEN PCC AND FORCE) REASSURANCE IN RELATION TO FORCE MANAGEMENT OF ALLOCATED BUDGET ON AN ONGOING BASIS	High	High	High	<p>THE PROCESSES THAT ARE IN PLACE IF MANAGED PROPERLY WILL ENSURE THAT THERE IS A ROBUSTNESS IN PLACE IN RELATION TO FINANCIAL MONITORING AS WELL AS ATTEMPTING TO SECURE THE BEST POSSIBLE FINANCIAL SETTLEMENT FOR NORTHAMPTONSHIRE, HOWEVER THESE IN THEMSELVES WILL NOT SECURE CERTAINTY AND VIABILITY ON AN ONGOING BASIS.</p> <p>UPDATE 29TH JUNE 2017 -</p> <p>SINCE THE LAST REVIEW THE PCC HAS SENT A LETTER TO POLICING MINISTER, PROVIDING COMMENTS IN RELATION TO THE ONGOING FUNDING FORMULA REVIEW. IN ADDITION THE PCC HAS WRITTEN POST GENERAL ELECTION TO HOME SECRETARY ON THIS SAME MATTER.</p> <p>FINDINGS OF THE FUNDING FORMULA REVIEW HAVE NOT AS YET BEEN RELEASED AS A RESULT OF THE GENERAL ELECTION. ENSURE EFFECTIVE REPORTING AND MONITORING PROCESSES ARE IN PLACE TO ENSURE VALUE FOR MONEY IS ACHIEVED WITH THE FINANCIAL RESOURCES THAT ARE AVAILABLE</p> <p>UPDATE 30TH AUGUST 2017</p> <p>NO CHANGE IN RISK SINCE LAST REVIEW. AS YET NO KNOWN FORMAL ANNOUNCEMENT IN RELATION TO FUNDING FORMULA REVIEW. FORCE HAS ADOPTED OPERATION BALANCE AND OPCC ARE AWARE AND SIGHTED ON THIS - THIS AIMS TO ADDRESS THE FINANCIAL SHORTFALL IDENTIFIED BY THE FORCE. THIS NEEDS TO BE MONITORED VIA FORCE ASSURANCE BOARD AND CHANGE GOVERNANCE BOARD.</p> <p>UPDATE 24TH NOVEMBER 2017</p> <p>BUDGET THIS WEEK MADE IT CLEAR THAT AT THIS STAGE THERE IS NO INCREASED FUNDING FOR POLICE SERVICE AND AS SUCH NO ANNOUNCEMENT THAT SUPPORTS OR ASSISTS OR MITIGATES THIS RISK. FORCE CONTINUES TO WORK ON A PLAN (OPERATION BALANCE) THAT AIMS TO BRIDGE FUNDING DEFECIT GAP IN 2018/19 AND BEYOND. OPCC NEED TO REMAIN</p>	31/08/2017	No Change



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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
000	Open	INABILITY TO DELIVER A COMPELLING BUSINESS CASE FOR INTEGRATION OF THE GOVERNANCE OF NORTHAMPTONSHIRE FIRE AND RESCUE UNDER PCC WILL CREATE A REPUTATIONAL RISK THAT MAY REDUCE PUBLIC CONFIDENCE.	Low	Medium	Medium	ONGOING MONITORING TO CONTINUE TO ALLOW CHANGE IN RESPONSE WHERE AN EXTERNAL INFLUENCE CHANGES (IE OPINION OF NCC/FIRE AUTHORITY/ HOME OFFICE). ONGOING CONSIDERATION OF WHEN ENGAGEMENT AND IMPLEMENTATION PLANS MIGHT NEED TO BE CONSIDERED, WHICH MAY CREATE NEW AND ADDITIONAL RISKS.  UPDATE 30TH JUNE 2017 ; RECENT GENERAL ELECTIOON ANNOUNCEMENT HAS DELAYED SUBMISSION DATES IN RELATION TO BUSINESS CASES FOR THIS CHANGE OF GOVERNANCE. HOWEVER THE PROGRESSION OF THE NORTHAMPTONSHIRE BUSINESS CASE CONTINUES AND CURRENTLY A 6 WEEK PERIOD OF PUBLIC CONSULTATION HAS COMMENCED IN RELATION TO THIS. AN ADVERSE RESPONSE TO THE PUBLIC CONSULTATION POSSIBLE PRESENTS THE MOST SIGNIFICANT RISK TO PROGRESSION, ALBEIT EARLY INDICATIONS SUGGEST THAT THIS IS UNLIKELY.  UPDATE 30TH JUNE 2017 ; RECENT GENERAL ELECTIOON ANNOUNCEMENT HAS DELAYED SUBMISSION DATES IN RELATION TO BUSINESS CASES FOR THIS CHANGE OF GOVERNANCE. HOWEVER THE PROGRESSION OF THE NORTHAMPTONSHIRE BUSINESS CASE CONTINUES AND CURRENTLY A 6 WEEK PERIOD OF PUBLIC CONSULTATION HAS COMMENCED IN RELATION TO THIS. AN ADVERSE RESPONSE TO THE PUBLIC CONSULTATION POSSIBLE PRESENTS THE MOST SIGNIFICANT RISK TO PROGRESSION, ALBEIT EARLY INDICATIONS SUGGEST THAT THIS IS UNLIKELY.	Low	Low	Low	ONGOING MONITORING TO CONTINUE TO ALLOW CHANGE IN RESPONSE WHERE AN EXTERNAL INFLUENCE CHANGES (IE OPINION OF NCC/FIRE AUTHORITY/ HOME OFFICE). ONGOING CONSIDERATION OF WHEN ENGAGEMENT AND IMPLEMENTATION PLANS MIGHT NEED TO BE CONSIDERED, WHICH MAY CREATE NEW AND ADDITIONAL RISKS.  UPDATE 24TH NOVEMBER 2017  NO CHANGE SINCE LAST REVIEW. FULL BUSINESS CASE SUBMITTED AND AT THIS TIME STILL AWAITING DECEISION FROM HOME OFFICE. NO CHANGE IN RISK  UPDATE 30TH JUNE 2017 ;  RECENT GENERAL ELECTIOON ANNOUNCEMENT HAS DELAYED SUBMISSION DATES IN RELATION TO BUSINESS CASES FOR THIS CHANGE OF GOVERNANCE. HOWEVER THE PROGRESSION OF THE NORTHAMPTONSHIRE BUSINESS CASE CONTINUES AND CURRENTLY A 6 WEEK PERIOD OF PUBLIC CONSULTATION HAS COMMENCED IN RELATION TO THIS. AN ADVERSE RESPONSE TO THE PUBLIC CONSULTATION POSSIBLE PRESENTS THE MOST SIGNIFICANT RISK TO PROGRESSION, ALBEIT EARLY INDICATIONS SUGGEST THAT THIS IS UNLIKELY.  STABLE TREND - UNLIKELY TO BE ANY FURTHER CHANGE TILL POST PUBLIC CONSULTATION.  UPDATE 30TH AUGUST 2017  SINCE LAST REVIEW:  PUBLIC CONSULTATION ON GOVERNANCE CHANGES COMPLETED WITH IN EXCESS OF 60% IN SUPPORT, SO SUPPORTS THE SUBMITTED BUSINESS CASE. NORTHAMPTONSHIRE BUSINESS CASE SUBMITTED TO HOME OFFICE AND DECISION AWAITED. NO CHANGE AT THIS TIME AS RISK	31/08/2017	No Change

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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
000	Open	THE LACK OF A SUPPORTED AND CONSISTENT PROCESS OF ASSURANCE MEANS THAT ACCOUNTABILITY PROCESSES ARE NOT AS MEANINGFUL AS SHOULD BE FOR PCC/OPCC AND CC/FORCE, LEADING TO THE RISK OF POTENTIAL FAILURE TO BE ABLE TO DEMONSTRATE EFFECTIVE ACCOUNTABILITY AS REQUIRED BY LEGISLATION.	Medium	High	High	ADOPTION OF AN AGREED PROCESS FOR BOARD AND PRE MEET COMPLETION OF SCHEDULE OF ASSURANCE AGREEMENT OF AN EFFECTIVE SECRETARIAT PROCESS MAPPING OF FORCE MEETINGS AND PROCESSES TO BETTER INFORM SCHEDULE  UPDATE 30TH JUNE 2017  THERE NEEDS TO BE ONGOING MAINTAINENCE OF SCHEDULE OF ASSURANCE. THIS IS CURRENTLY THE PART OF THE PROCESS THAT IS LEAST EFFECTIVE.	Very Low	Medium	Low	UPDATE 30TH JUNE 2017  FORMAL PROCESS HAS NOW BEEN BOTH AGREED AND DOCUMENTED. PROCESS HAS BEEN RUNNING SINCE FEBRUARY 2017. PRE MEET PROCESSES ARE EFFECTIVE  THERE NEEDS TO BE ONGOING MAINTAINENCE OF SCHEDULE OF ASSURANCE. THIS IS CURRENTLY THE PART OF THE PROCESS THAT IS LEAST EFFECTIVE.  UPDATE 30TH AUGUST  NO ADDITIONAL PROGRESS MADE ON ONGOING SCHEDULE OF ASSURANCE AND AS SUCH THE RISK REMAINS THE SAME WITH A STABLE TREND.  UPDATE 24TH NOVEMBER 2017  DRAFT SCHEDULE OF ASSURANCE COMPLETED AND CONTINUES TO BE PROGRESSED. NO CHANGE IN RISK LEVELS.	31/08/2017	No Change



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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
000	Open	<p>THE CURRENT FINANCIAL POSITION AND SETTLEMENT FOR PUBLIC SECTOR AGENCIES MEANS THERE HAVE BEEN AND REMIAN CUTS ACROSS THE SECTOR. THIS CREATES THE RISK THAT BUDGETARY PRESSURES AND INTERNAL RESTRUCTURES OF PARTNERS AND AGENCIES WILL MEAN THAT THEY RETRACT TO "CORE BUSINESS", MEANING THAT RESOURCES WILL NOT BE ABLE TO SUPPORT DELIVERY OF ACTIVITIES TOWARDS THE POLICE AND CRIME PLAN, MEANING MAY NOT BE AS SUCCESSFUL AS IT COULD BE.</p>	Medium	High	High	<p>OPCC AND PCC TO REAMIN ENGAGED WITH KEY STATUTORY PARTNERS. WHERE POSSIBLE ENSURE THAT COMMISSIONING PROCESSES ARE JOINED UP WITH THOSE OF OUR PARTNERS. ENSURE THAT THE COMMISSIONING/GRANT AND FUNDING ALLOCATION PROCESSES ARE BASED AROUND ACHIEVING SHARED OUTCOMES FROM OR FOR A RANGE OF PARTNERS.</p>	Medium	High	High	<p>MITIGATION FACTORS AT THIS TIME ARE EFFECTIVE TO MONITOR AND WHERE POSSIBLE RESPOND TO ISSUES EITHER IN ADVANCE OR AS THEY ARISE BUT DO NOT ALTER THE IMPACT OR LIKLIHGOOD AT THIS TIME.</p> <p>OPCC AND PCC TO REAMIN ENGAGED WITH KEY STATUTORY PARTNERS. WHERE POSSIBLE ENSURE THAT COMMISSIONING PROCESSES ARE JOINED UP WITH THOSE OF OUR PARTNERS. ENSURE THAT THE COMMISSIONING/GRANT AND FUNDING ALLOCATION PROCESSES ARE BASED AROUND ACHIEVING SHARED OUTCOMES FROM OR FOR A RANGE OF PARTNERS.</p> <p>UPDATE 30TH AUGUST 2017</p> <p>THERE ARE EARLY INDICATIONS THAT SOME CURRENT SPONSORS OF PCSO ARE LOOKING TO WITHDRAW FINANCIAL SUPPORT FROM APRIL 2018. THIS APPEARS TO BE IN PART AS A RESULT OF A LETTER SENT BY THE FORCE IN JANUARY 2017 INDICATING CHARGING MODEL WOULD CHANGE FROM OCTOBER 2017 AND THERE HAD BEEN NO FOLLOW UP IN RELATION TO THIS.</p> <p>NEW LETTER SENT TO CLARIY THAT REVIEW OF CHARGING FRAMEWORK IS UNDERWAY BUT NO CHANGES WILL TAKE PLACE TILL NEW FINANCIAL YEAR. THIS WILL BE FOLLOWED UP BY PERSONAL TELEPHONE CALL FROM OPCC AND SUBJECT TO AGREEMENT WITH FORCE ADDITIONAL COMMUNICATIONS WITH OPCC ON NEW PROCESS.</p> <p>AT THIS TIME THE RISK HAS SLIGHTLY INCREASED GIVEN EARLY INDICATIONS FROM SOME PARTNERS OVER THE FACT THEY ARE LOOKING AT ALTERNATIVES TO PCSO FUNDING.</p> <p>UPDATE 24TH NOVEMBER 2017</p> <p>NO SIGNIFICANT CHANGE IN RISK. HOWEVER RECENT EVENTS IN NCC IN RELATION TO DEPARTURE OF CHIEF EXECUTIVE AND MEDIA REPORTS OF FINANCIAL SITUATIONA LONG WITH VOTE OF NO CONFIDENCE FROM LABOUR</p>	30/09/2017	Increasing

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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
000	Open	LACK OF FINAL DECISIONS RELATING TO WORKSTREAMS ON TRI FORCE COLLABORATION CREATES THE RISK OF UNCERTAINTY OVER THE FUTURE SHAPE AND DELIVERY MODEL OF A NUMBER OF NON FRONTLINE ACTIVITIES. THIS PRESENTS A RISK OF INABILITY TO DELIVER EFFICIENCIES IN THESE AREAS OR INHIBITS THE DEVELOPMENT OF ALTERNATIVE OPTIONS.	High	High	High	TIMELY PRESENTATION OF THE BUSINESS CASES. TIMELY DECISIONS TO BE MADE IN RELATION TO ADOPTION OR OTHERWISE OF BUSINESS CASES. WHERE REQUIRED EXPLORATION OF ALTERNATIVE OPTIONS IN THE EVENT OF NON ADOPTION OF TRI FORCE BUSINESS CASES.	High	Medium	High	CONSIDERATION OF ALTERNATIVE STRATEGIES TO BE CONSIDERED AS A PART OF NEXT STAGE OF SDM.  CURRENT POSITION OF PCC ON THIS MATTER IS THAT THERE IS COMMITMENT AS FOLLOWS: HR - LOOK TO PROGRESS A COLLABORATIVE APPROACH BETWEEN LEICESTERSHIRE AND NORTHAMPTONSHIRE.  FINANCE - LOOK TO PROGRESSION OF A COLLABORATIVE ARRANGEMENT BETWEEN NORTHAMPTONSHIRE, LEICESTERSHIRE AND NOTTINGHAMSHIRE.  IT - THERE IS CURRENTLY A SHARED IT FUNCTION WITH A SHARED THREE FORCE HEAD OF IT BUT FROM AN OPCC PERSPECTIVE THERE ARE CURRENT CONCERNS AS TO WHETHER THIS ARRANGEMENT WILL DELIVER THE TRANSFORMATIONAL CHANGE IN IT PROVISION AND TECHNOLOGY THAT IS EXPECTED AS A PART OF THE POLICE AND CRIME PLAN. THIS IS SUBJECT TO ONGOING DISCUSSIONS LED BY PCC ANBD CEO.  UPDATE 30TH AUGUST 2017  SINCE LAST REVIEW  FORCE, FRS AND OPCC SENIOR LEADER SEMINAR HAS TAKEN PLACE TO ATTEMPT TO SCOPE PARAMETERS OF THE FUTURE OF CORPORATE SERVICES AS FRS GOVERNANCE MOVES TO PCC. FORCE HAVE AGREED VIA CC THAT AN APPROACH OF COLLABORATION BUT MEETING THE NEEDS OF NORTHAMPTONSHIRE FIRST NEEDS TO BE ADOPTED. DECISION AWAITED EARLY SEPTEMBER AS TO THE FUTURE OF TRI FORCE COLLABORATION IN RELATION TO IT.  UPDATE 25TH NOVEMBER 2017  DECISION TO REMOVE NORTHAMPTONSHIRE FROM TRI FORCE HR HAS BEEN AGREED AND ANNOUNCED. CLARITY HAS BEEN AGREED IN RELATION TO PRIORITY BEING A "NORTHAMPTONSHIRE FIRST" APPROACH WITH NFRS BUT WITH A VIEW TO OTHER FORCE COLLABORATION WHERE THIS IS	28/07/2017	Closed



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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0001	Open	THE ABSENCE OF A PERMANENT APPOINTED S151 OFFICER IN THE OPCC CREATES THE RISK THAT FULLY EFFECTIVE FINANCIAL MANAGEMENT AND GOVERNANCE ARRANGEMENTS WILL NOT BE IN PLACE OR ADHERED TO. THIS PRESENTS THE POSSIBILITY OF NON COMPLAINE WITH CERTAIN FINANCIAL REGULATIONS AND/OR REPUTATIONAL RISK CREATED THROUGH INEFFECTIVE GOVERNANCE.	Very Low	Very Low	Low	NIL AT THIS TIME. FURTHER REVIEW TO TAKE PLACE IN JUNE  UPDATE 30TH JUNE 2017  REVIEW UNDERTAKEN TODAY. ONLY CHANGE IN RISK IS THAT POST NOW FORMALLY ADVERTISED AND FINANCIAL PROCESSES PLUS ANNUAL GOVERNANCE STATEMENT WRITTEN AND AGREED. CLOSE DOWN PROCESSES COMPLETED SO INITIAL EARLY RISKS ARE MITIGATED.	Very Low	Very Low	Low	NIL AT THIS TIME. FURTHER REVIEW TO TAKE PLACE IN JUNE  UPDATE 30TH JUNE 2017  REVIEW UNDERTAKEN TODAY. ONLY CHANGE IN RISK IS THAT POST NOW FORMALLY ADVERTISED AND FINANCIAL PROCESSES PLUS ANNUAL GOVERNANCE STATEMENT WRITTEN AND AGREED. CLOSE DOWN PROCESSES COMPLETED SO INITIAL EARLY RISKS ARE MITIGATED.  UPDATE 30TH AUGUST 2017  FORMAL RECRUITMENT PROCESS IS NOW COMPLETED AND AN APPLICANT SUCCESSFULLY APPOINTED AND WILL COMMENCE EMPLOYMENT IN EARLY NOVEMBER 2017. SUCCESSFUL CANDIDATE IS CURRENTLY EMPLOYED IN AN IDENTICAL ROLE IN ANOTHER OPCC AND AS SUCH THIS OUGHT TO FACILITATE RAPID INTEGRATION.  UPDATE 24TH NOVEMBER 2017  NEW CFO COMMENCED EMPLOYMENT ON 9TH NOVEMBER 2017. RISK APPEARS TO BE MITIGATED AT THIS POINT AND AWAITING CLOSEWR ON THE AGREEMENT OF CEO AND PCC.  UPDATE 29TH DECEMBER 2017  AT A RECENT MEETING AND REVIEW OF THE RISK REGISTER WITH PCC AND OPCC CEO THIS RISK WAS DISCUSSED AND AGREED TO CLOSURE BASED ON THE REASONS AND RATIONALE RECORDED ABOVE DATED 24TH NOVEMBER 2017	31/07/2017	Closed
0001	Open	LACK OF ESTATES STRATEGY CREATES A RISK TO OPERATIONAL SERVICE DELIVERY AND LONGER TERM STRATEGIC PLANNING THROUGH THE CREATION OF UNCERTAINTY OF FACILITY AVAILABILITY.	Medium	Medium	Medium		Low	Medium	Medium	UPDATE 30TH JUNE 2017  RISK CLOSED AS A DUPLICATE OF RISK 4	31/07/2017	Closed

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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0001	Open	Any inability to successfully deliver an effective implementation of a fire and police governance model after agreement of submitted business case would have some adverse impact on delivery of police and crime plan objectives potentially and also reputational risk	Medium	High	High		Medium	Medium	Medium		01/02/2018	N/A



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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0001	Open	<p>AN INABILITY TO DELIVER THE SDM AS DESCRIBED IN THE FINAL BUSINESS CASE OF JANUARY 2017, EITHER IN TERMS OF STRUCTURE OR AGREED TIMELINES CREATES RISK OF:</p> <p>REDUCED ABILITY TO BETTER MANAGE THREAT, HARM AND RISK. INABILITY TO DELIVER AN EFFECTIVE RESPONSE TO HMIC AFI'S. REPUTATIONAL RISK TO OPCC AND REDUCED CAPABILITY TO DELIVER POLICE AND CIME PLAN</p>	Low	Low	Low	<p>UPDATE 30TH JUNE 2017</p> <p>FURTHER ASSURANCES IN RELATION TO IMPLEMENTATION HAS BEEN SOUGHT FOR 31ST JULT ACCOUNTABILITY MEETING.</p>	Low	Low	Low	<p>UPDATE 30TH JUNE 2017</p> <p>FURTHER ASSURANCES IN RELATION TO IMPLEMENTATION HAS BEEN SOUGHT FOR 31ST JULY</p> <p>UPDATE 30TH AUGUST 2017</p> <p>SINCE LAST REVIEW</p> <p>IMPLEMENMTATION DATE HAS MOVED FROM EARLY OCTOBER TO 30TH OCTOBER 2017. HMIC EFFECTIVENESS INSPECTION WILL TAKE PLACE 16TH NOVEMBER, SO UNLIKELY THAT ANYTHING DEPENDENT UPON SDM WILL HAVE HAD ANY POSITIVE IMPACT BY INSPECTION TIME AND AS SUCH THERE IS A RISK THAT SOME AFI MIGHT NOT BE DEEMED AS BEING MET.</p> <p>CLARITY STILL REQUIRED BY PCC ON EXACT NUMBERS IN RELATION TO FRONTLINE STAFF AND THE SPLIT BETWEEN OFFICERS AND STAFF.</p> <p>UPDATE 24TH NOVEMBER 2017</p> <p>SDM IMPLEMENTATION GO LIVE DATE WAS 30TH OCTOBER 2017. INITIAL ASSESSMENT AND INDICATIONS AS WELL AS INFORMAL FEEDBACK FROM FORCE AND STAFF INDIVIDUALLY APPEARS TO SUGGEST THAT INITIAL IMPLEMENTATION WAS POSITIVE LARGELY WITH SOME EXCEPTIONS SUCH AS INSUFFICIENT STAFF IN FORCE INVESTIGATIONS TEAM (THIS WAS DOCUMENTED AND AS FAR AS POSSIBLE MITIGATED AGAINST AHEAD OF GO LIVE DATE), i WOULD SUGGEST THAT THIS RISK IS NOW LOW ENOUGH POST IMPLEMENTATION TO CLOSE THIS AS A RISK IN RELATION TO THE IMPLEMENTATION OF SDM AND REPLACE WITH A NEW RISK RELATING TO IMPROVING FORCE SERVICE DELIVERY AND PERFORMNACE AS A RESULT (LINKED TO IDENTIFIED BUSINESS BENEFITS).</p> <p>NEEDS SIGN OFF TO CLOSE AND REPLACE WITH PCC AND CEO</p> <p>UPDATE 29TH DECEMBER 2017</p>	19/08/2017	Closed



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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0001	Open	FAILURE TO PROPERLY IMPLEMENT A SUCCESSFUL BUSINESS CASE FOR GOVERNANCE OF NORTHAMPTONSHIRE FIRE AND RESCUE SERVICE WILL LEAD TO INEFFECTIVE GOVERNANCE, FINANCIAL AND STAFF ARRANGEMENTS, WITH THE POSSIBILITY THAT THIS WILL LEAD TO INEFFECTIVE OPERATIONAL PERFORMANCE AND REPUTATIONAL	Medium	High	High	SUGGESTION TO OPCC CEO MADE ON 29TH DECEMBER THAT A STRATEGIC OVERSIGHT GROUP IS COMMENCED TO SET DIRECTION AND MONITOR ACTIVITY FOR THIS RISK.	Medium	High	High	AWAITING DECISION IN SUGGESTION OF 29TH DECEMBER TO CREATE AN OVERSIGHT GROUP FOR IMPLEMENTATION	31/01/2018	No Change
0001	Open	FAILURE TO PROPERLY ADOPT THE NEW OPERATING MODEL OR NEW OPERATING MODEL NOT FUNCTIONING EFFECTIVELY, LEADS TO A FAILURE TO DELIVER IMPROVED SERVICE TO THE PUBLIC AND FAILURE TO IMPROVE OPERATIONAL PERFORMANCE, AS WELL AS FAILURE TO MEET THE AFI MADE BY HMICFRS, WHERE THE FORCE HAS INDUCATED OPERATING MODEL WILL ADDRESS.	Medium	Medium	Medium	FORMAL REQUEST TO BE MADE TO ANDREW WILSON FOR ACCESS TO AND REGULAR BRIEF OF DELIVERY FRAMEWORK AND SUCCESS AGAINST DEFINED BUSINESS BENEFITS	Medium	Medium	Medium	UPDATE 29TH DECEMBER 2017 NEW RISK CREATED THIS DATE	31/01/2018	N/A

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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0001	Open	CURRENT COMMUNICATION ARE PROVIDED FOR THE FORCE VIA AIRWAVE SERVICES. THIS IS BEING REPLACED AS PART OF A NATIONALLY MANDATED REPLACEMENT PROGRAMME KNOWN AS EMERGENCY SERVICES NETWORK (ESN). SIGNIFICANT SLIPAGE IN THIS PROGRAMME CREATES THE RISK OF AN INABILITY TO ROLL OUT ESN IN LINE WITH THE PLANNED DE COMMISSIONING TIMESCALES FOR AIRWAVE AND THEREBY CREATING A SIGNIFICANT FINANCIAL PENALTY, ESTIMATED AT £800,00 PER MONTH ON A NATIONAL BASIS.	High	High	High	ESTABLISH IF ANY CONTINGENCY HAS BEEN MADE IN FORCE BUDGET FOR THIS.	Medium	High	High	<p>UPDATE 7TH JULY 2017</p> <p>REQUEST MADE TO RICHARD JONES (HEAD OF FINANCE) TO ESTABLISH IF ANY FINANCIAL CONTINGENCY HAS BEEN MADE IN RELATION TO THIS.</p> <p>UPDATE 30TH AUGUST 2017</p> <p>STILL AWAITING CLARITY IN RELATION TO</p> <p>A) WHETHER FORCE HAS IN PLACE A BUDGET CONTINGENCY IN RELATION TO THIS</p> <p>B) CLARITY FROM NATIONAL GOVERNMENT AND THE ESN PROJECT IN RELATION TO HOW ANY SHORTFALL WILL BE MET. E MAIL BELOW:</p> <p>Simon</p> <p>You are the risk owner as you are aware on the OPCC RR in relation to ESN slippage. Need an update please in relation to the two points below, both of which relates to the potential financial liability if ESN slips.</p> <p>A) WHETHER FORCE HAS IN PLACE A BUDGET CONTINGENCY IN RELATION TO THIS</p> <p>B) CLARITY FROM NATIONAL GOVERNMENT AND THE ESN PROJECT IN RELATION TO HOW ANY SHORTFALL WILL BE MET</p> <p>Also could do with an update as to where we are with predicted timescales for implementation.</p> <p>Can you let me have this please by 10th Jan 2018</p> <p>Paul</p> <p>Paul Fell</p> <p>Director of Delivery Office of Police and Crime Commissioner for Northamptonshire East House Wootton Hall Northampton NN4 0JQ</p> <p>03000 111222</p> <p>E Mail paul.fell@northantspcc.pnn.police.uk</p>	31/03/2018	No Change



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Ref	Status	Description	Inherent Likelihood	Inherent Impact	Inherent Risk	Response Measures	Residual Likelihood	Residual Impact	Residual Risk Score	Progress	Review Date	Trend
0001	Open	LACK OF AN EFFECTIVE TRANSITION TO A NEW VOICE OPERATING MODEL FOR OCTOBER 2017 MAY CREATE GAPS IN SERVICE PROVISION, LEADING TO ADVERSE EFFECT ON SERVICE DELIVERY AND SUPPORT TO VICTIMS AND WITNESSES.	Medium	High	High	REGULAR REVIEW BRIEFINGS TO WIDER TEAM TO PROVIDE REASSURANCE AND OFFER SUPPORT	Low	High	Medium	<p>UPDATE 10TH JULY 2017</p> <p>RISK REGISTERED TODAY EFFECTIVE MITIGATION CURRENTLY IN PLACE TO REDUCE THE LIKELIHOOD OF THIS RISK MANIFESTING ITSELF. NEEDS TO BE SUBJECT TO REGULAR REVIEW THROUGH TO IMPLEMENTATION.</p> <p>UPDATE 30TH AUGUST 2017</p> <p>NEW CHIEF EXECUTIVE IN POST. THE NON AVAILABILITY OF NEW ACCOMODATION MEANS THAT STAFF WILL NEED TO MOVE TWICE. PROVIDING THE FORCE MEETS THE ACCOMODATION NEEDS AT CAMPBELL SQUARE THIS SHOULD NOT ADVERSELY AFFECT EFFECTIVE IMPLEMENTATION AND TRANSITION. TRANSITION HAS LED TO THE LOSS OF A NUMBER OF STAFF. THIS CREATES A RISK IF THESE POSTS ARE NOT SUCCESSFULLY RECRUITED TO. RECRUITMENT PROCESS IN PLACE.</p> <p>UPDATE 24TH NOVEMBER 2017</p> <p>NEW COMMISSIONED VOICE SERVICE EFFECTIVELY IMPLEMENTED AT THIS TIME. STILL SOME STAFF VACANCIES CAUSED BY LOOS OF STAFF IN TRANSITION PERIOD. RECRUITNMMENT PROCESSES ARE ACTIVE AND VACANCIES BEING COMPLETED. RISK TO REMAIN OPEN AT SAME LEVEL TILL ALL VACANCIES FILLED AND OPERATIONAL.</p>	31/07/2017	No Change



## AGENDA ITEM



### NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE CONSTABULARY

#### JOINT INDEPENDENT AUDIT COMMITTEE

4 DECEMBER 2017

REPORT BY	ASSISTANT CHIEF OFFICER (FINANCE AND RESOURCES) AND CHIEF FINANCE OFFICER
SUBJECT	MEDIUM TERM FINANCIAL PLAN
RECOMMENDATION	FOR MEMBERS TO DISCUSS

#### Purpose of Report

1. This report is prepared to give background and context to Joint Independent Audit Committee regarding the Draft Medium Term Financial Plan and budget discussions which will take part with the PCC and the Force between now and January 2018.
2. The report also provides context on the Legislative and External Audit Requirements to consider which support the precept, budget and accounts cycle.

#### Background and Context – Legislative and External Audit Requirements

3. In respect of the precept, the Police Reform and Social Responsibility Act requires the PCC to notify the panel of his/her proposed precept **by 1 February** of each year and there is specific criteria for veto, which is unlikely both from the requirements in the legislation and in the current climate.
4. As part of the precept proposals, the PCC's report is also required to show detail on the Medium Term Financial Strategy (MTFS) and a consideration of reserve levels, together with a statement by the Chief Finance Officer (CFO) and ideally a statement on operational delivery within the budget by the Chief Constable.
5. The PCC's Chief Finance Officer is required to comply with: "*The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2011,*" The Act requires the PCC's Chief Finance Officer to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The PCC is required to have regard to the report of the Chief Finance Officer and the report must be given to the Police and Crime Panel. Internally the Force S151 Officer (ACO Finance and Resources) is required to give similar advice to the Chief Constable.

6. Whilst the draft MTFP gives context, the Force Finance team, led by the Assistant Chief Officer Finance and Resources (ACO) in close liaison with the OPCC Chief Finance Officer (CFO) prepare the detailed budget for 2018/19.
7. The scope and context from any discussions between the PCC and the CC will be factored in, together with information on the Police Settlement when known in mid-December 2017.
8. Both the PCC Group Accounts and the CC Accounts are subject to external audit each year, the results of which are public. The external audit assessments consider not only the financial statements but also value for money. Our external auditors, KPMG, assess public sector clients over a 3 year period for their value for money assessment.

### **2017 Autumn Budget and Proposed Referendum Limit**

9. The previous Comprehensive Spending Review CSR2015 Statement included the following:

***“Overall Police Spending will be protected in real terms over the spending review period.”***

In fact, this has resulted in real time grant reductions each year, with the precept taxbase increases used to meet the real terms funding pledge.

10. The Autumn Budget took place on the 22 November 2017 and as detailed within the draft Medium Term Financial Plan, only departmental levels at the Home Office level are known.
11. The Police settlement will be advised in mid-December 2017.
12. The Department for Communities and Local Government (DCLG) set the Referendum limits for both Local Government and the Police. For 2017/18, DCLG consulted on a limit of 2% or £5 increase for those in the lowest quartile (Northamptonshire are not in this quartile). No information in respect referendum limits was available in the Autumn Budget.
13. Recent analysis provided to PCC's by the Police and cRime Treasurer's Society (PACCTS) technical team, showed that between the period 2010/11 and 2017/18, government formula funding to Northamptonshire Police reduced by 22.5% in cash terms, and 36.6% in real terms (when taking into account the impact of inflation). This has equated to a cash reduction for Northamptonshire Police Funding of almost £19.3m.
14. Members are advised that the Commissioner, together with national PCC colleagues, and mindful of the challenging financial climate, continue to seek precept flexibility for 2018/19 and future years.

## **2018/19 Budget and Draft Medium Term Financial Plan (MTFP)**

15. The 2018/19 budget continues to be worked through to enable a draft for comparison with the Police Settlement when it is available.
16. The MTFP, assumptions and budget guidance notes produced by the Force Finance Team are attached to this paper.
17. Whilst producing the attached, an uncertainty regarding the Multi Force Shared Services (MFSS) project has arisen. To give members context, the current Operation Balance savings include an element for MFSS which could be at risk. Furthermore, any delays to the project timeline would result in significant additional cost for all partners, including Northamptonshire.
18. Whilst it is anticipated most additional costs would be capital, there could also be revenue cost implications as well as savings. The Force and OPCC will continue to take this work forward and update the MTFP and Budget as it develops.

### **Level of Reserves**

19. The draft MTFP includes an assessment of the current level of reserves which will be discussed and considered as part of the budget and precept work, together with the proposed settlement. These considerations are also likely to include:
  - Emergency Services Network Costs (ESN) which are still uncertain and the impact of delayed timescales could result in increased costs. There needs to be sufficient flexibility in reserves to manage a potential risk.
  - The impact of MFSS and any investment for transformation or innovation.

### **Summary**

20. This report is tabled at the Joint Internal Audit Committee for members to discuss the draft Medium Term Financial Plan as attached.



Police & Crime Commissioner for Northamptonshire

Draft MEDIUM TERM FINANCIAL PLAN

2018/19 – 2022/23



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## EXECUTIVE SUMMARY

The Draft Medium Term Financial Plan (MTFP) sets out the key financial issues facing the Police and Crime Commissioner over the period 2018/19 to 2022/23, and provides options for delivering a sustainable budget and capital programme over the medium term.

The MTFP also sets out how the Commissioner can provide the Chief Constable with the resources to deliver the priorities in the Police and Crime Plan.

The MTFP sets the financial context for the Commissioner's revenue budget, capital programme and precept decisions.

The MTFP is reviewed and updated on a regular basis. The current version of the MTFP is at a draft stage as it aligns to the budget preparation, negotiation and precept setting process which concludes in February 2018.

The MTFP is at **draft stage**, as there remains a number of key areas to be finalised over the coming months, these are:

- Work continues by the Force to finalise the budget pressures and savings requirement for discussion and negotiation with the Commissioner;
- Work continues by the OPCC to finalise the budget pressures and requirements for final approval of the PCC budget by the Commissioner;
- Any changes to content of phasing of the Capital Programme following the provisional settlement will impact on the Capital Financing charges contained within the MTFP;
- Regional Budgets for 2018/19 are still under discussion and negotiation by the Regional Police and Crime Commissioners' and Chief Constables'. It is envisaged these will be finalised in January 2018;
- The Police Settlement and key national recharges (such as IT) have been assumed within the draft but final figures will not be known until the middle of December (it is anticipated that Commissioners will be advised of the settlement on the 13 or 14 December 2017);
- A Precept Level of 1.99% has been assumed for the purposes of the MTFP. However, consultation by the DCLG has recently closed with regard to referendum limits for 2018/19. Should the referendum limit be changed in either the November Budget Settlement or the December Police Settlement, the Commissioner will need to consider his precept intentions;
- Discussions and negotiations between the Commissioner and the Force will continue until mid-January 2018 where a Force budget and cash limit will be agreed;
- Information in respect of the tax base and Council Tax Surplus is estimated at this point in time. Whilst the statutory dates for Billing Authorities to write to the Precepting Authorities with the final agreed tax base and surplus information is not until the end of January in each year, locally it has been agreed that Billing Authorities will seek to provide this by the 22 January 2018;
- It is anticipated that the Final Settlement will be available in February 2018.

The OPCC revised budget requirement is estimated to be £8.621m a movement of £2.872m, which is mainly accounted for by an increased capital financing requirement as a result of additional

borrowing to fund the capital estates strategy; this amounts to £1.874m. The remainder relates to budget virements from the Force and pressures of £0.933m.

The Force revised cash limited budget is currently estimated to be £115.269m; a net reduction of £0.23m. However, within this figure there is a savings target requirement of £3.803m and this budget reduction is part of Operation Balance programme.

A key objective of the Operation Balance programme is to achieve a balanced budget for 2018/19 whilst also maintaining or enhancing the frontline service delivery in support of the Service Delivery Model. The agreed aim of Operation Balance is:

“to review all elements of organisational demand in respect of Northamptonshire Police, seeking methods of reducing, removing and better managing demand to improve the efficiency and effectiveness of the force and provide an improved service to the people of Northamptonshire. “

Whilst good progress has been made in identifying probably budget savings, this process has not been finalised as there needs to be operational and financial ‘stress testing’ for each business case. This includes the determination of the cost of any additional revenue costs associated with identified savings.

The total funding available (based on current estimates and assumptions) is a net budget estimated to be £123.993m; a net increase of £0.868m from 2017/18 financial year, as demonstrated below.

<b>2018/19 Budget Build</b>	<b>£m</b>	<b>£m</b>
<b>Funding Assumptions</b>		
Central Government	72.207	
Council tax	51.786	
<b>Total Funding</b>		<b>123.993</b>
<b>Force Budget requirement</b>		
Revised Base Budget	115.499	
Net Planned Savings	(0.869)	
Budget Virement	(0.776)	
Budget pressures	5.218	
Savings requirement (Operation Balance)	(3.803)	
<b>Total 2018/19 Force budget</b>	<b>115.269</b>	<b>115.269</b>
<b>OPCC Budget Requirement</b>		
Revised Base Budget	5.749	
Budget Virement	0.776	
Budget pressure	2.096	
<b>Total 2018/19 Force budget</b>	<b>8.621</b>	<b>8.621</b>
Reserves contribution		<b>0.103</b>
<b>Total Budget requirement 2018/19</b>		<b>123.993</b>
2017/18 Total Funding		123.125
<b>Change in Funding envelope</b>		<b>0.868</b>

Whilst the funding envelope and other cost pressures are finalised, work will continue to establish the final savings target. However, based on current known projections the estimated additional savings that will be required over the next 5 year cycle will be in the region of £12.891m. These savings are projected to impact the in the following manner.

Financial years	Estimated Savings target
	£m
2018/19	3.803
2019/20	2.374
2020/21	1.831
2021/22	3.089
2022/23	1.794
<b>Total</b>	<b>12.891</b>

## 1. Purpose of the Medium Term Financial Plan (MTFP)

This is the Draft MTFP of the Police and Crime Commissioner for Northamptonshire (the Commissioner). It covers a period of four years, but is reviewed regularly through the year and annually in line with the budget and precept process to reflect the dynamic nature of both policing and changes in funding. It describes the financial direction of the organisation and outlines financial pressures.

- The overall financial plan seeks to deliver the Commissioner's Police and Crime Plan, vision and values of Northamptonshire Police and meet the requirements of the National Strategic Policing Requirement;
- The MTFP sets the financial context for the Commissioner's revenue budget, capital programme and precepting decisions;
- The MTFP provides options for delivering a sustainable budget and capital programme over the medium term. It also sets out how the Commissioner can provide the Chief Constable with the resources to deliver the priorities in the Police & Crime Plan within a challenging financial climate.

## 2. Benefits of the Plan

The MTFP assists in:

- Responding to external pressures, including changes to the police funding formula and funding reductions; and developing a sustainable budget over the medium term.
- Ensuring that proposals and business cases can be considered in light of the medium term financial context to support informed decision making;
- Supporting delivery of the Police & Crime Plan;
- Reviewing the Commissioner's policy on the use of reserves, ensuring the position continues to be sustainable and there are sufficient resources over the medium term;
- Ensuring that the Commissioner and Chief Constable provide value for money and continue to deliver efficiency gains;
- Improving financial planning and the financial management of the Commissioner's resources, both revenue and capital.

### **3. Principles of the MTFP**

The 6 key principles underlying the Commissioner's MTFP 2018/19 – 2022/23 are: -

- (i) The Commissioner, supported by the Chief Constable, will continue to contribute to national reviews of police funding and take every opportunity to engage in order to pursue the fair and equitable funding of Northamptonshire Police;
- (ii) The Commissioner will strive to maintain a General Reserve of a minimum of 2% of the net revenue budget to cover any major unforeseen expenditure or loss of funding. A flexible approach will be taken to the use of earmarked reserve balances and where appropriate, balancing the opportunity cost of maintaining reserves against the benefits of alternative approaches;
- (iii) The Commissioner will maintain earmarked reserves for specific purposes only when appropriate and which are consistent with achieving objectives;
- (iv) The Commissioner will continue to prioritise the achievement of Value for Money, securing economy, efficiency and effectiveness in the use of resources;
- (v) The Chief Constable will prepare a rolling programme of five-year budget forecasts to inform the Commissioner's budget and precepting decisions;
- (vi) Overall expenditure of the Commissioner will be contained within original estimates each year, supported by reserves for exceptional one off circumstances.

### **4. Reviewing the Draft MTFP**

The Commissioner's MTFP review has been carried out under the following key themes:

- The financial context in which the Commissioner operates;
- The Commissioner's current financial position;
- The future budget pressures and funding cuts, which the Commissioner will face over the period of the financial plan;
- The Commissioners capital programme and Reserves Policy.

## **5. Operational Context**

The successful delivery of the MTFP requires the Chief Constable to manage a complex set of resources, demands and priorities whilst reviewing and revising plans to meet changing demand for policing services within the available financial resources.

Demand for police services is changing as new types of crime emerge which often require a different approach to policing, and working closely with partner agencies such as Fire and Rescue Services, Local Authorities, the NHS and Ambulance Service, to achieve common aims and objectives. HMIC considers that a force is efficient if it is making the best use of its resources to provide policing services that meet expectation and follow public priorities and if it is planning and investing wisely for the future.

In the most recent HMIC PEEL inspection report 'Police Efficiency 2017 An Inspection of Northampton Police was assessed as GOOD in respect of the efficiency with which it keeps people safe and reduces crime.

The Force has undertaken an assessment of changing crime types as part of its annual strategic assessment, which gives a detailed picture of emerging demand for police response throughout Northants. The main areas of growing demand include Cyber-crime, Child Sexual Exploitation, Domestic Violence, Organised Immigration Crime, Hate Crime and Antisocial Behaviour.

### **Service Delivery Model (SDM)**

The Force is changing the way it works to meet the demands of changing crime types and free up resources to provide an effective police response, which meets the expectations of the public. Underpinning this is a workforce plan that includes recruitment, training and development of officers and police staff, aligning resources with changing demand, whilst continuing to manage organisational change through the prudent use of reserves.

This review and the financing of was approved by the OPCC as part of the 2017/18 budget review and settlement. SDM became operational on the 30 October 2017. However, there are a number of positions that remain vacant and the Force are currently actively seeking to fill these posts. As a result there is an ongoing budget pressure of this SDM restructure and details are included within this report.

## **6. Financial Context**

Despite making efficiencies, transforming business areas through investment in technology, cutting waste, selling property and consolidating its operational policing, Northants still needs to reduce expenditure further to match spend with financial resources. It is estimated that the Force will have to reduce its net budget by £12.891m over the course of the next 5 years.

We need to maintain our pace, continue our Force Improvement programme, explore further collaboration and continue our reform in order to align our spend. All of this will need to take place as we constantly review and redeploy our resources to meet the ever-changing nature of demand for policing services and continue to protect our local communities.

### **Formula Review**

During 2016 the Government re-launched its review of the Police funding formula. If the Home Office decide to implement a new formula it is expected that it will be introduced from 2018/19. We await the outcome of this and will ensure that we are fully engaged to pursue the best outcome for Northamptonshire from 2018/19 onwards.

## Spending Review and Police Settlement

On the 7 November 2017, the Minister for Police and Fire Service (Rt. Hon N. Hurd) made a public announcement on Police funding and the protection of emergency services workers and there were two specific announcements firstly:

### National Police Welfare Service

Funding £7.500m pilot scheme, which if successful will lead to a dedicated national police welfare Service. The Government is also supporting new legislation. The Minister stated that this sends a clear message that the Government will not tolerate attacks on emergency services workers. He stated that the Police protect us and it is right that those that would dare to attack someone doing this crucial role are properly punished.

No information is available on how the pilot will be funded, it is envisaged this will be included within the Budget and Police settlement.

### Review of Funding

Secondly, the Minister stated that he and his officials are collecting 'evidence' with those in policing to help understand the demands Forces are facing because decisions on future funding must be based on evidence and not assertion. The Minister stated:

"We can improve productivity, increase efficiency and use existing resources carefully, which is why I am asking Forces how they plan to use the £1.6billion currently held in reserves. We will be setting out the policing settlement for next year in the months to come".

There is a clear inference that next year's settlement may well have the use of reserves to internally fund the part of the budget settlement factored into the calculations. But at this stage, it is unclear how this will be determined. However, there should be a clear distinction between Earmarked Reserves and General Fund balance. The former relates to specific future financial need which have been set aside of specific / earmarked purposes.

Secondly, the latter are generally for monies set aside for items and issues that either where there is a shortfall in revenue budgets, which there are no earmarked reserves / or insufficient funds available for revenue purposes. It is clear that different Forces will have built up different balances over time and this will also reflect both the size of individual budgets as well as the individual historical precepting rises have impacted the amount of reserves that have historically been built up. There is a CIPFA guideline for all Forces to keep General Reserves at a minimum of 2% proportion of revenue budgets. The national Police and Crime Treasurers Society (PACCTS) undertook a review of Police reserves over the summer to support the Police submission to the Treasury which reflected General Reserves for Police averaged 3%.

Northant's Police are relatively weak in this area and have modest balances (see section 11 Reserves). The current estimates are based on the existing process. If and when there is a formal announcement from the Home Office the funding element will be amended accordingly. However, if there an announcement regard reduction to funding this will have a negative impact to existing balances.

## Funding Assumptions – Central Government (Autumn Statement extract)

The Chancellor of the Exchequer, Philip Hammond published its Autumn Budget on Wednesday, 22 November 2017. The Autumn Budget sets out the government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility (OBR). Following the Chancellor's announcement at Autumn Statement 2016, there will now only be one fiscal event in each year, held in the autumn (to switch to the new timetable), which will then be followed in future years. From 2018 there will be a Spring Statement, responding to the forecast from the OBR, but no major fiscal event.

The OBR is required by law to produce two forecasts a year. One of these will remain at Budget. The other will fall in the spring and the government will respond to it with a Spring Statement. From winter 2017, Finance Bills will be introduced following the Budget. The aim will be to reach Royal Assent in the spring, before the start of the following tax year. This change in timetable will help Parliament to scrutinize tax changes before the tax year where most take effect.

The key outcomes were (sample):

### The Economy

- GDP - GDP is forecasted to grow by 1.5% which is 0.5 percentage points lower than forecasted in the spring budget. For each year to 2021 growth forecast has been revised down as a result of reduced productivity forecasts;
- Inflation - CPI has been revised up and is now forecast at 2.7%;
- Employment – remains near record high and unemployment is at its lowest since 1975 with wage growth slightly higher than forecast at 3.4%;
- Debt deficit and borrowing – OBR forecast that debt will peak at 85% of GDP ( the highest it has been for 50 years).

### Public Spending

- Brexit - £3bn has been set aside over the next 2 year to ensure a smooth Brexit transition. This is in addition to the £700m already 'invested';
- National productivity investment Fund (NPIF)– there is an expansion of NPIF which will total £31bn;
- Efficiency savings – the 2016 budget set out to make £3.5bn savings in public spending by 2019/20; this has now been revised to £1.4bn;
- Protected spending – commitments to priority public service, defence and international development will be maintained;
- NHS funding – an additional £2.8bn has been allocated to help the NHS meet its performance targets.

### Pay and Pensions

- In September the govt. announced its intention to move away from the 1% basic public sector pay award. In 2018/19 the relevant secretaries of state will make a final pay award decision based on affordability and feedback from the independent pay review bodies;



- National living wage / National minimum wage – the NLW will rise by 4.4% to £7.83 per hour and the NMW will raise for difference age categories e.g. the 21 – 24 will increase to £7.38per hour;
- National Insurance – there will be a delay implementation a series of NICS policies by one year. The government will no longer proceed with an increase to the main rate of class 4 NICS to 10% in April 2018 and 11% in April 2019.

### Council Tax

- The forecast council tax receipts, levels and tax base are documented below:

England	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Receipts	£26.1bn	£27.6bn	£29.1bn	£30.2bn	£31.1bn	£32.0bn	£32.9bn
Change in CT level	3.1%	4.0%	4.0%	2.4%	1.9%	1.9%	1.9%
Change in CT base	2.3%	1.8%	1.3%	1.3%	1.1%	1.0%	0.9%

The details of estimated national council tax receipts for the period can be found in Appendix 3

### Police funding Assumptions

The estimates of funding and pressure assumptions have been calculated ‘pre Budget’. There will be a further review of assumptions based on the data that has been release as a result of the Autumn Budget.

It is anticipated that the total Home Office funding will reduce from £73.052m (in 2017/18) to £72.207m in next year’s funding envelope. The breakdown is shown in the table below:

Central Government Funding	Financial year 2017/18 £m	Financial year 2018/19 £m	Estimated funding reduction between financial years £m
Formula Grant	66.408	65.563	0.845
Council Tax Support Grant	5.053	5.053	0
Council Tax Freeze Grant	1.591	1.591	0
<b>Total</b>	<b>73.052</b>	<b>72.207</b>	<b>0.845</b>

### Funding Assumptions – Council Tax (Estimated)

Based on current assumptions, it is assumed that the estimated Net Council tax income will increase by £1.713m in 2018/19. Council Tax will increase by £2.051m and it is also anticipated there will be a council tax surplus reduction of £0.338m compared to the 2016/17 outturn used for the 2017/18 budget. The Council Tax Surplus is prudently assumed £0.750m for future years in the MTFP.

‘Local Funding’	Financial year 2017/18 £m	Financial year 2018/19 £m	Estimated change between years £m
Council Tax	48.985	51.036	2.051
Estimated Council tax surplus	1.088	0.750	(0.338)
<b>Total</b>	<b>50.073</b>	<b>51.786</b>	<b>1.713</b>

The Chancellor of the Exchequer, Philip Hammond, has announced that the government will publish its Autumn Budget on Wednesday, 22 November 2017. The Autumn Budget sets out the government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility (OBR). Following the Chancellor's announcement at Autumn Statement 2016, there will now only be one fiscal event in each year, held in the autumn (to switch to the new timetable), which will then be followed in future years. From 2018 there will be a Spring Statement, responding to the forecast from the OBR, but no major fiscal event.

The OBR is required by law to produce two forecasts a year. One of these will remain at Budget. The other will fall in the spring and the government will respond to it with a Spring Statement. From winter 2017, Finance Bills will be introduced following the Budget. The aim will be to reach Royal Assent in the spring, before the start of the following tax year. This change in timetable will help Parliament to scrutinize tax changes before the tax year where most take effect.

Taking these 'signposts' as well as the Police and Fire Minister's recent announcement of funding for Police it is highly likely to have a negative impact on reserves. Upon announcement from the Chancellor the MTFP will reflect the Home Office settlement and the savings target will also be adjusted accordingly.

## **7. Current 2017/18 Financial Position**

Whilst being finalised at the time of writing the report, the draft current projected position (October) for the financial year 2017/18 is:

### **Force budget**

The Force is anticipating a slight overspend of £0.044m, however, this headline figure comes with a number of caveats: these are:

- Regional Collaboration

The element of the budget has seen significant variations to the projected spend at year-end. The current estimates that Northants share will be a projected overspend of £0.225m. However, due to the variations in projections there remains uncertainty regarding the projected final position. The main factor in the Regional overspend relates to EMOpSS overtime and is currently estimated at over £0.8m overspend, across the region, with all other regional units underspending. However, at the East Midlands Police and Crime Commissioners Board (EMPCCB) with Chief Constables on the 20 November 2017, members were advised that a review is underway and it is envisaged the EMOpSS overspend will be significantly lower. Should this transpire, Northamptonshire's forecast Regional overspend would reduce.

- SDM

The implementation of SDM become operational on the 30 October and as a consequence the process of completing the staffing structure including filling vacant post could impact the outturn position.

- OPCC - Operational budget

Current prediction of year-end outturn position for OPCC is £0.18m under on revenue budget. This is mainly due to saving on consultancy costs due to one consultant left and another consultant is currently working on Fusion implementation project (costs get transferred to Fusion) and large saving is on the transfer to the institute.

- OPCC - Central budget

There are two main 'budget' which the OPCC are responsible for which can be classed 'outside the operational budgets'; these are council tax collection surplus and capital financing costs, totaling £0.506m and £1.371m respectively.

Following approval of the precept and setting of the budget and cash limits on the 2 February 2017, final notification of council tax base and surplus receipts were higher than anticipated. On the 15 February 2017, under executive order 0069, the intention was to transfer this additional funding to reserves. This transfer will be undertaken towards year end, together with any surpluses that may occur on capital financing.

However, it is only prudent to state that whilst we are commencing month 8 spend and as such the estimated outturn position will be subject to further change as operational activities will impact on future projections in the next 5 months of the financial year.

### **8. Medium Term Budget Pressure (2018/19)**

The Total Force budget pressures amounting to £5.218m can be classed into a number of distinct elements (details of which can be found in appendix 1); these are:

#### Police Pay and Actuarial costs

These cost are the Home Office have communicated the expected pay award for the forthcoming financial year. The actuarial changes are the employer costs for increased contribution rates that come into force next financial year.

<b>Force staff cost pressures</b>	<b>£m</b>
Police Officer pay rises	£1.442
Police Staff pay rises and actuarial changes	£0.428
Police staff actuarial increase (1% per annum)	£0.475
<b>Total</b>	<b>£2.345</b>

#### Service Delivery Model (SDM) - additional costs

These are the full year cost that relate to the SDM that impact on the 2018/19 budget

<b>Additional payroll costs / pressures</b>	<b>£m</b>
New operational roles	£1.636
Police Staff pay rises and actuarial changes	£(0.574)
<b>Total</b>	<b>£1.062</b>

### Inflation Pressures (which the organisation cannot influence)

Firstly, financial pressures that the Police Force cannot avoid; these include inflation elements such as supplies and services inflation (mainly energy costs); price contract variations and legislative and regional requirements. The single biggest element is increase to the Microsoft licencing costs which are estimated to add at least an additional £0.420m; the details can be summarised as follows:

<b>Inflation Pressures</b>	<b>£m</b>
Supplies & Services inflation	£0.090
Regional Collaboration *	£0.047
Microsoft 365 licencing increase	£0.420
National Accreditation requirement (forensic national req.)	£0.169
Firearms Licensing	£0.018
<b>Total</b>	<b>£0.744</b>

\* As discussed at the EMPCC Board on the 20 November 2017, Regional collaboration costs are still under discussion. As a prudent assumption, Regional budget proposals are included within the MTFP, however, the board has determined it will await the provisional settlement in December and review the position at their meeting in January 2018.

### Management Decisions

These are conscious decisions which have been deemed a requirement to enable the organisation to make the necessary improvements.

<b>Management decisions</b>	<b>£m</b>
Change Team	£0.248
Change Board Roles -Performance improvement role	£0.040
- Equality (EHCR) role	£0.028
- Positive action role	£0.025
ISD Restructure	£0.123
<b>Total</b>	<b>£0.464</b>

### Operational Need

These are specific additional costs that relate to operational need of the Police Force.

<b>Operational Need pressures</b>	<b>£m</b>
Joint Police / Fire maintenance/ running costs	£0.030
Operation Tuckhill finalisation costs	£0.163
Taser training and maintenance costs	£0.017
ANPR Equipment	£0.067
Digital Capacity	£0.174
<b>Total</b>	<b>£0.451</b>

### Estates and other costs pressures

<b>Estates and Other pressures</b>	<b>£m</b>
Revenue cost of staying at FHQ	£0.100
Deane House Occupancy	£0.011
Cube Occupancy	£0.011
Other – changes to income budgets	£0.030
<b>Total</b>	<b>£0.152</b>

### **Planned Savings (Excluding Operation Balance).**

These savings have been made as part of the operational requirement which occurs annually as part of the budget build process. These costs are in 'addition to the operational balance figure of £3.803m.

<b>Planned Savings (Force only)</b>	<b>£m</b>
Supplies and Services	£(0.210)
Operation Tuckhill	£(0.251)
Op adept	£(0.075)
Removal of Tri Force (Finance role)	£(0.130)
Sketty close (operations)	£(0.089)
Mereway buildings	£(0.114)
<b>Total</b>	<b>£(0.869)</b>

### **Virements & Reserve adjustments**

<b>Virements and Reserve adjustments</b>	<b>£m</b>
Budget virement between the Force and the OPCC	£(0.776)
Contribution to Revenue from Earmarked Reserves	£0.103
<b>Total</b>	<b>£(0.673)</b>

### **The OPCC budget**

The carried forward budget requirement from 2017/18 budget is £5.749m; the revised budget requirement for 2018/19 is £8.621m; the increase of £2.872m can be accounted for as follows:

<b>OPCC Budget Build</b>	<b>£m</b>
Opening budgetary position	£5.749
Virement between the Force and the OPCC	£0.776
Additional budget pressure	£0.222
Additional capital financing requirement costs	£1.874
<b>Total</b>	<b>£8.621</b>

The virement between the force and the OPCC reflect permanent transfers between the two corporate soles as follows:

- (£0.016m) relating to Insurances for ACC and DCC. Previously paid from PCC's budget;
- £0.304m Witness Care Unit – transfer of full budget held within Force, now part of new Voice and previous Force employees are now Voice employees;
- (£0.033m) – MAPPA; Legal requirement for Force to be part of MAPPA;
- £0.678m – NHS Provision of Custody Healthcare.

Pressures:

- £0.222m – NHS Provision of Custody Healthcare. Total budget requirement for OPCC re Custody Healthcare is £0.900m (£0.678+£0.222) which reflects the estimated cost of the new contract and is based on comparable information from recent provision elsewhere within the Region.

By transferring responsibility for the Witness Care unit and NHS provision of Custody Healthcare to the PCC, this increases the budgets presented to the Police and Crime Panel for scrutiny and challenge in line with their role.

## **9. Medium Term Savings Proposals**

There has been a period of sustained financial pressure throughout the previous CSR, the impact of which will continue to work through on the early years of this new MTFP. In addition, savings will continue to be delivered wherever possible, for example:

- Continued rationalisation of the operational estate, including maximising collaborative opportunities;
- Comprehensive workforce plan which manages reductions whilst aligning resources with changing demand;
- Pay savings through centralised budget management;
- Savings through procurement particularly within ICT and Estates;
- Maximising income generation wherever possible, notwithstanding such opportunities being limited within the Police world.

Employee pay costs for Police Officers, Police Staff and CSOs represent a significant proportion of our annual budget requirement, and therefore there will continue to be changes required to workforce numbers and structures within the MTFP period.

There is a savings requirement of £3.803m to be found to enable the 2018/19 budget to balance. This is a specific piece of work which has been approved through the Change Governance Board with the specific onus was required on the Departmental Heads to identify savings from their budget

Department heads were asked to provide ideas for reducing their total policing budget (including police pay) by 4%, with the resulting ideas being risk reviewed to see which ones we will or will not take forward to outline business case through Chief Officers and the Change Board.

The change team who have been tasked with managing and delivering the savings programme and have produced an update of adjusted savings which will be submitted outline business cases for the November 2017 Change Board. This is to provide a greater level of assurance that savings can be realistically achieved. One of the key elements to this process is to have a financial scrutiny of budget and savings in finer detail. This will include financial stress testing and identifying whether there revenue implications as a result of proposed savings. The proposed savings are at a sensitive nature and as such have not been formally publicised. However, as part of the budget build process each stage will be formally reviewed and approved prior to formal approval of the 2018/19 budget.

## **10. Capital Estimates and Financing**

The following table provides a summary of the 5 year capital programme:

<b>Capital Programme</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
<b>Major Building Works</b>	9.331	14.032	11.179	1.216	0.325	0.275	36.358
<b>Information Technology</b>	6.191	1.978	4.621	1.326	0.812	0.826	15.754
<b>Vehicle and Equipment</b>	1.411	1.149	1.152	1.149	1.187	1.123	7.171
<b>Operational Equipment</b>	0.337	0.152	0.322	0.225	0.150	0.245	1.431
<b>Change Programme</b>	0.579	0.658	0.000	0.000	0.000	0.000	1.237
<b>Other</b>	0.644	0.000	0.000	0.000	0.000	0.000	0.644
<b>Total</b>	<b>18.493</b>	<b>17.969</b>	<b>17.274</b>	<b>3.916</b>	<b>2.474</b>	<b>2.469</b>	<b>62.595</b>

Key areas to the in the proposed programme are:

- Building Schemes – Estates refurbishment programme based on operational requirements, transition and relocation costs associated with the estates rationalisation programme and co-location with partner agencies;
- Information Technology – the force have a number of Improvement Schemes to deliver change and efficiency through transformation which includes considerable investment in IT systems across a number of policing areas. The estimates include a significant level of investment in the implementation of the National Emergency Services Network (ESN) within Northamptonshire system upgrades and infrastructure changes;
- Vehicles and Equipment – a rolling programme of vehicle replacement and material programmes for upgrading equipment.

The capital financing approach remains to maximise the use of Capital Receipts to support the Capital Programme after the use of grant and also to maximise overall benefit in underpinning the Revenue budget.

It is proposed that the majority of capital spending for short life assets will be financed from capital receipts. Building works with longer asset lives will be supported by prudential borrowing as this provides the most efficient form of financing.

## **11. Reserves**

The Commissioner must retain adequate reserves so that unexpected budget pressures can be met without adverse impact on the achievement of key objectives and council tax payers. The Commissioner's policy for reserves and balances is based on a thorough understanding of the organisation's needs and risks. Part of this process is to give a clear explanation of the existing and proposed use of reserves and this is addressed in the paragraphs below.

Communication from the Policing Minister to the Association of Police and Crime Commissioners (APCC) has highlighted a requirement for greater transparency on Police Reserves in terms of disclosure and usage and the Minister will be taking this forward with the APCC and PACCTs over the coming months.

The General Reserve as at 1 April 2017 is £3.520m equating to 2.9% of the revenue budget. This meets one of the key MTFP principles to seek to maintain the general reserve at a minimum of 2% of the revenue budget. The closing general reserves at March 2023 will be finalised during the budget and precept process on receipt of all information (council tax, funding and the Ministers' recent communication etc. as highlighted earlier). A statement on reserves will be included in the precept and budget proposals which will be considered by the Police and Crime Panel in February 2018.

### Earmarked Reserves

The following reserves have been set aside for specific purposes. The table shows the balance of reserves at the commencement of the 2017/18 financial year

<b>RESERVES</b>	<b>Balance 31/3/17 £m</b>
<b>Corporate (OPCC Reserves)</b>	
1. General Fund	3.520
2. Initiatives Fund (earmarked)	1.134
3. Insurance (earmarked)	1.002
4. Invest to Save (earmarked)	0.977
5. Pensions (earmarked)	1.286
6. Safer Roads (earmarked)	1.306
7. Joint Venture Reserves (earmarked)	0.584
<b>CAPITAL RESERVES</b>	
8. Capital/Transformation (earmarked)	0.526
<b>Total Reserves</b>	<b>10.335</b>

Earmarked reserves at March 2023 will be reviewed and finalised during the budget and precept process on receipt of all information (council tax, funding and the Minister's recent communication as highlighted earlier). A statement on reserves will be included in the precept and budget proposals which will be considered by the Police and Crime Panel in February 2018. There has been an initial review of potential reserve movement over the next five years, but it is recognized this will be subject to review and change in the next 3 month period (See Appendix B)

## **12. Indicative Budget Forecasts 2018/19**

Key Assumptions:

- A flat rate reduction in grant funding of core grant funding for police forces cut. The impact for Northants is a loss of £0.845m;
- Inflation for utilities is set at 2.25% and fuel at 2% (these are documented in Appendix 1);
- The council tax referendum limit for English forces to remain at 2% with Northants to continue with the precept increase during the 5 year period. However, concerned regarding the future financial outlook, and dependent on the Police settlement for 2018/19 and future years, the PCC in line with others has highlighted that he may need to consider seeking a referendum in future years;
- Continuation of the additional flexibility for forces with council tax in the lowest quartile to raise the precept by £5. This does not apply to Northamptonshire. Final referendum limits and details are anticipated in the Budget in November or the Police Settlement in December;



- Grants relating to previous council tax and freeze grants retained and payable but there will be no new council tax freeze grant going forward.

The Force Finance together with the OPCC have prepared a budget build guidance paper which includes detail process and requirement for completion of the 2018/19 budget and also includes a summary timetable of key tasks in the process. This can be found in ANNEX A

### Council Tax

The MTFP assumes that Council Tax base will continue to grow over the period of the MTFP reflecting the fast growing nature of building development in the County. Additionally, assumptions are that increases will be 1.99%. However, as highlighted earlier, final Council tax base and Surplus information will not be available until January.

It is anticipated the HMIC Value for Money indicators for 2017/18 (and currently issued to forces as draft) will be available for inclusion in the budget and precept to assist with national context and comparisons.

### **13. Risk Assessment**

The MTFP contains the most up to date information at the time of drafting but the Commissioner's financial position is dynamic. A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. The Commissioner faces a number of significant financial pressures that could affect the position over the medium term. An assessment of the likelihood and impact of each material risk and the management controls in place are shown in the following table:

<b>RISK</b>	<b>LIKELIHOOD</b>	<b>IMPACT</b>	<b>MANAGEMENT OF RISK</b>
General Reserve not sufficient to cover future costs	Possible	High	Reserve Strategy maintained a minimum of 2% of budget
Pay awards and price inflation being higher than anticipated	Probable	Medium	Budget based on best information available and set a prudent level
Capital financing charges will be higher than forecast	Unlikely	Low	Revenue implications are considered as part of capital planning - as 100% of debt is at fixed rates
Interest rates on deposits are lower than anticipated	Unlikely	Low	Prudential assumptions on likely interests rates are incorporated in the MTFP and TM strategy and are subject to regular review monitoring and reporting of interest takes place
Capital programme is understated and funding is not available to deliver plans	Unlikely	Low	Regular quarterly capital monitoring reports provide assurance in accuracy of forecast and are reviewed in light of the Estates Strategy
Failure to deliver planned savings	Possible	High	Monthly revenue monitoring and including updates to the Commissioner and governance through the Change Board.
Further reductions in funding including unfavourable review of funding formula	Possible	High	General Reserve maintained together with forward planning and regular monitoring
Reduction in Council tax collection	Unlikely	Medium	Regular reviews on collection and maintaining General Reserve Balance

Not all risk have been identified	Unlikely	Medium	Robust risk management arrangements are in place together with comprehensive insurance arrangements currently earmarked reserve of £1.002m; Pension Reserve £1m
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## **CONCLUSION**

- ***The overall financial context for the next 5 years for Northamptonshire Police continues to remain extremely challenging;***
- ***The approach set out in this draft MTFP will deliver a balanced budget. It sets out how all four years will be financed and the current position on general reserves which is greater than the minimum the reserve strategy;***
- ***There remains a significant amount of work to identify, verify and stress test budget savings through Operation Balance, which is led by the Change Team;***
- ***Whilst we are still in the budget build process, we are confident that the assumptions are both prudent and financially sound and are comparable with Peers;***
- ***The management of this position is achieved through the rationalisation of estates, workforce change, through implementation and review of the Service Delivery Model and ensuring the Operation Balance achieves the required revenue savings;***
- ***The MTFP does indicate that a sustainable financial position can be achieved over the period 2018/19 to 2022/23 and the Commissioner is fully committed to working with the Chief Constable to take the necessary decisions to achieve this outcome.***

# Appendix 1

## Northamptonshire Police Medium Term Financial Plan

Current Position	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m
PCC Budget	3.890	5.749	8.621	10.032	11.349	9.833
- Planned Increase/ Saving in budget		0.000	0.000	0.300	0.000	0.300
- Virements between PCC & CC	0.157	0.776	0.000	0.000	0.000	0.000
- Savings						
- Pressures		0.222				
Capital Financing Requirement	1.702	1.874	1.411	1.017	(1.516)	0.668
<b>PCC Budget Requirement (1)</b>	<b>5.749</b>	<b>8.621</b>	<b>10.032</b>	<b>11.349</b>	<b>9.833</b>	<b>10.801</b>
Current approved Force Cash Limited Budget	115.656	115.499	115.269	115.269	115.769	115.769
- Planned Increase/ Savings (excl proposed Op balance savings)		(0.869)	(0.235)	(0.382)	(0.206)	(0.229)
- Virements between PCC & CC	(0.157)	(1.591)	0.000	0.000	0.000	0.000
- Pay & Actuarial Pressures		2.345	1.736	2.458	2.798	2.791
- SDM Budgetary Need		1.062	0.174	0.179	0.198	0.200
- Other Pressures		1.811	0.698	0.076	0.299	(0.473)
- Savings Requirement		(3.803)	(2.374)	(1.831)	(3.089)	(1.794)
<b>Current approved Force Cash Limited Budget (2)</b>	<b>115.499</b>	<b>115.269</b>	<b>115.268</b>	<b>115.769</b>	<b>115.769</b>	<b>116.264</b>
Contribution to/(from) Revenue Budget from Reserves	1.371	0.103	(0.065)	(0.543)	2.411	2.488
Proposed additional contribution to/(from) reserves	0.506					
<b>Net Contribution to/ (from) Reserves (3)</b>	<b>1.877</b>	<b>0.103</b>	<b>(0.065)</b>	<b>(0.543)</b>	<b>2.411</b>	<b>2.488</b>
<b>Total Budget (1+2+3)</b>	<b>123.125</b>	<b>123.993</b>	<b>125.235</b>	<b>126.575</b>	<b>128.013</b>	<b>129.553</b>
Total funding available	123.125	123.993	125.235	126.575	128.013	129.553
(Surplus)/ Shortfall in funding requiring adjustment to reserves (3)	0.000	0.000	0.000	0.000	0.000	0.000

Estimated Funding						
<b>Home Office Grants</b>						
Formula Grant	66.408	65.563	64.727	63.903	63.090	62.287
Council Tax Support Grant	5.053	5.053	5.053	5.053	5.053	5.053
Council Tax Freeze Grant	1.591	1.591	1.591	1.591	1.591	1.591
	73.052	72.207	71.371	70.547	69.734	68.931
	59.3%	58.2%	57.0%	55.7%	54.5%	53.2%
<b>Council Tax</b>	48.985	51.036	53.114	55.278	57.529	59.872
	39.8%	41.2%	42.4%	43.7%	44.9%	46.2%
<b>Council Tax Estimated Surplus</b>	1.088	0.750	0.750	0.750	0.750	0.750
	0.9%	0.6%	0.6%	0.6%	0.6%	0.6%
	123.125	123.993	125.235	126.575	128.013	129.553
<b>Change in Funding Envelope</b>	0.000	0.868	1.242	1.340	1.438	1.540

Key assumptions	2017/18	2018/19	2019/20	2020/21	2020/21	2020/21
	%	%	%	%	%	%
<b>Estimated Reduction in Central Funding</b>	(1.27)	(1.27)	(1.27)	(1.27)	(1.27)	(1.27)
<b>Precept Increase</b>	1.99	1.99	1.99	1.99	1.99	1.99
<b>Pay Inflation</b>						
- Police Officer Basic Pay	1.00	1.00	1.00	2.00	2.00	2.00
- Police Officer Non Consolidated Pay Rises (Sept to Aug)	1.00	0.00	0.00	0.00	0.00	0.00
<b>Total Police Officer pay rises</b>	2.00	1.00	1.00	2.00	2.00	2.00
- Staff Basic Pay	1.00	1.00	1.00	2.00	2.00	2.00
- Staff Non Consolidated Pay Rises (Sept to Aug)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Staff pay rises</b>	1.00	1.00	1.00	2.00	2.00	2.00
<b>Actuarial</b>						
- Staff	2.03	1.00	1.00	1.00	1.00	1.00
<b>Non Pay Inflation</b>						
- Utilities (average for Gas, Electricity, Water and Rates)	1.50	2.25	2.25	2.25	2.25	2.25
- Fuel	0.00	2.00	2.00	3.00	3.00	3.00
- Other	0.00	0.00	0.00	0.00	0.00	0.00

Effect 1% Change to assumption	2018/19	2019/20	2020/21	2020/21	2020/21
	£'m	£'m	£'m	£'m	£'m
<b>Central Funding</b>	0.718	0.709	0.701	0.693	0.685
<b>Precept Increase</b>	0.488	0.508	0.530	0.551	0.575
<b>Precepted Dwellings</b>	0.489	0.509	0.530	0.551	0.574
<b>Basic Pay Increase (including on costs)</b>					
- Police	0.596	0.606	0.619	0.639	0.664
- Staff*	0.299	0.305	0.305	0.261	0.230
<b>Actuarial*</b>					
- Staff	0.234	0.238	0.200	0.190	0.179

\* Assumes reductions in staffing levels through MTFP

## Appendix 1 contd. (Savings and Pressures details)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£	£
Supplies and services savings	(210)	(414)	(605)	(778)	(928)	(1,050)
Operation Tuckhill	(251)					
Op Adept	(75)					
Removal of Tri Force (Finance) role	(130)	(130)	(130)	(130)	(130)	(130)
Sketty Close (Operations)	(89)	(177)	(177)	(177)	(177)	(177)
Mereway Buildings	(114)	(228)	(228)	(228)	(228)	(228)
Brackley Station	0	(8)	(17)	(17)	(17)	(17)
Corby Police Stn Eliz St	0	(79)	(159)	(159)	(159)	(159)
Kettering Police Stn London Road	0	(44)	(88)	(88)	(88)	(88)
Rushden Offices	0	(8)	(15)	(15)	(15)	(15)
Eastern Rushden Station	0	(16)	(32)	(32)	(32)	(32)
Earls Barton Office	0	0	(4)	(7)	(7)	(7)
Towcester Station	0	0	(29)	(57)	(57)	(57)
Watford Gap Police Box	0	0	(2)	(4)	(4)	(4)
Oundle Station	0	0	0	0	(7)	(14)
Wellingborough Station	0	0	0	0	(63)	(127)
Desborough Office	0	0	0	0	(5)	(9)
Finedon Office	0	0	0	0	(4)	(9)
All others						
<b>Savings</b>	<b>(869)</b>	<b>(1,104)</b>	<b>(1,486)</b>	<b>(1,692)</b>	<b>(1,921)</b>	<b>(2,123)</b>
Police Officer Pay Rises	1,442	2,528	4,193	6,167	8,204	10,310
Police Staff Pay Rises & actuarial changes	428	840	1,433	2,067	2,642	3,173
Police Staff Actuarial increase (1% per annum (2.03% in 18/19 as per a	475	713	913	1,103	1,282	1,452
<b>SDM</b>						
4 x Investigative Roles (Change Board Roles)	132	134	136	139	143	146
24.7 x LIO Roles	749	760	771	791	810	831
1 x Serious & Organised Crime LIO Role	29	29	29	30	31	32
4 x Crime Mgmt Unit Desk Officers	189	192	194	199	204	209
4 x High Tech Crime Roles	128	130	132	135	138	142
5.5 x Call Handler Roles	182	184	187	192	196	201
4 x Pollit Roles	0	0	0	0	0	0
6 x Safeguarding Officers (Scale 6)	194	197	200	205	210	215
1 x Risk Mgr Officer (Scale 6)	33	33	34	34	35	36
Adjustment for Existing SDM Staff Funding Roles (17/18 func	(574)	(574)	(574)	(574)	(574)	(574)
PCSO Reductions	0	0	0	0	0	0
Future Demand prediction as per AW 16th Oct	0	151	306	462	620	780
<b>Operational Need</b>						
Joint Command Unit (Police/ Fire Lorry) running costs	30	31	31	32	32	33
Finalisation of Op Tuckhill & Adept	163	82	41	0	0	0
Digital Capacity	174	174	174	174	174	174
ANPR	67	68	69	70	71	72
Tasers	17	17	18	18	18	19
<b>Pressures that cannot be locally influenced</b>						
National Accreditation Requirement	169	173	86	88	90	93
Supplies & Services Inflation	90	221	401	627	898	1,212
Microsoft 365 licensing	420	493	493	579	579	679
Firearms licensing (until SDM team review)	18	18	19	19	19	20
Cash Impact of Regional Collaboration Increases	47	47	47	47	47	47
Change Team additional costs (excluding existing change te.	248	252	256	262	269	276
Performance Improvement Role	40	41	41	42	43	44
Equality (EHCR) Role	28	28	29	30	30	31
Positive action role	25	0	0	0	0	0
ISD restructure (capital salaries to revenue switch)	123	125	127	129	131	133
ESN Dual Running	0	585	597	609	621	633
Removal of Airwaves running costs	0	0	0	0	(770)	(770)
FHQ & NAH Pressures from No Sale (incl cleaning)	100	102	104	106	108	110
Deane House	11	11	12	12	12	12
Cube	11	11	11	12	12	12
Change to national income charging assumptions	30	30	30	30	30	30
Pressures	<b>5,218</b>	<b>7,826</b>	<b>10,540</b>	<b>13,836</b>	<b>16,355</b>	<b>19,813</b>
	<b>4,349</b>	<b>6,722</b>	<b>9,054</b>	<b>12,144</b>	<b>14,434</b>	<b>17,690</b>

## Appendix 2 – Initial Estimates of Movement in Reserves

	17/18			18/19			19/20			20/21			21/22			22/23			
	Opening Position £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m
Spend to Save	0.977			0.977		(0.977)	0.000			0.000			0.000			0.000			0.000
Pensions	1.286	(0.115)		1.171			1.171			1.171			1.171			1.171			1.171
Insurance	1.002			1.002			1.002			1.002			1.002			1.002			1.002
Safer Roads	1.306			1.306		(0.261)	1.045		(0.261)	0.784		(0.261)	0.523		(0.261)	0.262		(0.262)	0.000
Initiatives Fund	1.134	1.404		2.538		(1.000)	1.538		(0.040)	1.498			1.498			1.498			1.498
Known Contingencies	0.000			0.000			0.000			0.000			0.000	2.411		2.411		2.488	4.899
Capital	0.526	1.371	(1.897)	0.000	0.103	(0.100)	0.003	0.040	(0.043)	0.000			0.000			0.000			0.000
Joint Venture	0.584			0.584			0.584			0.584			0.584			0.584			0.584
<b>Total Earmarked</b>	<b>6.815</b>	<b>2.660</b>	<b>(1.897)</b>	<b>7.578</b>	<b>0.103</b>	<b>(2.338)</b>	<b>5.343</b>	<b>0.040</b>	<b>(0.344)</b>	<b>5.039</b>	<b>0.000</b>	<b>(0.261)</b>	<b>4.778</b>	<b>2.411</b>	<b>(0.261)</b>	<b>6.928</b>	<b>2.488</b>	<b>(0.262)</b>	<b>9.154</b>
General Reserves	3.520	0.687	(0.044)	4.163			4.163		(0.065)	4.098		(0.543)	3.555			3.555			3.555
<b>Total Reserves</b>	<b>10.335</b>	<b>3.347</b>	<b>(1.941)</b>	<b>11.741</b>	<b>0.103</b>	<b>(2.338)</b>	<b>9.506</b>	<b>0.040</b>	<b>(0.409)</b>	<b>9.137</b>	<b>0.000</b>	<b>(0.804)</b>	<b>8.333</b>	<b>2.411</b>	<b>(0.261)</b>	<b>10.483</b>	<b>2.488</b>	<b>(0.262)</b>	<b>12.709</b>

### Notes

#### Pension reserve

Review of this reserve with a view to reduce employer contributions, with the aim to reduce future contribution in the revenue account during the actuarial valuation period

#### Safer Roads

Monies ring-fence to safer roads and there will be an assumption that there will be a write down to revenue spend over the 5 year period

#### Initiatives

This relates to early interventions; capital programme funding and commissioning

#### Known contingencies

This will be reviewed in line with MTFP assumptions and pressure in future years

#### Capital

For Capital programme funding

### Appendix 3 Autumn Budget Statement – forecasted Council tax Receipts

2.15 Council tax receipts									
	2016-17			2017-18 (forecasted)			2018-19 (forecasted)		
	Spring (forecasted)	Autumn (outturn)	Change	Spring	Autumn	Change	Spring	Autumn	Change
<i>£bn</i>									
England council tax receipts	26.1	26.1	0%	27.5	27.6	1%	28.9	29.1	1%
<i>Change in council tax level (%)</i>	3.1	3.1	0%	3.9	4.0	4%	3.9	4.0	4%
<i>Change in council tax base (%)</i>	2.3	2.3	0%	1.4	1.8	29%	1.3	1.3	5%

2.15 Council tax receipts (cont.)											
	2019-20 (forecasted)			2020-21 (forecasted)			2021-22 (forecasted)			2022-23 (forecasted)	
	Spring	Autumn	Change	Spring	Autumn	Change	Spring	Autumn	Change	Spring	Autumn
<i>£bn</i>											
Receipts	30.0	30.2	1%	30.9	31.1	1%	31.7	32.0	1%	n/a	32.9
<i>Level</i>	2.6	2.4	-8%	1.9	1.9	0%	1.9	1.9	0%	n/a	1.9
<i>Taxbase</i>	1.1	1.3	14%	1.0	1.1	14%	0.9	1.0	8%	n/a	0.9

**ANNEX A (MTFP)**

**NORTHAMPTONSHIRE POLICE**

**BUDGET BUILD GUIDANCE**

**2018/19**

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## **1 EXECUTIVE SUMMARY**

The purpose of this paper is to give context to the 2018/19 budget and provide detailed guidance for budget holders and finance team.

The Police and Crime Plan sets out the priorities for the Force and the annual budget sets out how this can be funded within the context of the Medium Term Financial Plan (MTFP).

The budget needs to take account of any statutory changes; business changes; departmental business plans; Change Board business cases; as well as regional developments.

The successful production of the Budget will require team working and co-operation both within Financial Services and across the services of the Force. The information provided by Budget Managers will form the basis for detailed discussions of budgets of the Force by the Chief Constable, PCC, and Force Executive Board.

The timely provision of core budgets is vital to this process. We will look at feedback on the process, from the PCC, managers and external auditors and inspectors, next summer with a view to refining the process further for future years.

## **2 The Financial Challenge**

The Medium Term Financial Plan has been updated since the 2017/18 Budget Build and the revised funding gap for 2018/19 is expected to be in the region of £3.803m. This takes into account of the pressures / growth approved by the Change Board during 2017/18, the additional budget requirement for the Police Officer Pay Award bonus, the revenue impact of known pressure and the ongoing cost of the SDM and Change Team. The cost of the delayed Police Staff Pay Award is held at 1% as per the previous MTFP whilst negotiations continue plus an additional 1% non-recurring. (Please see Annex A1-C) for the latest MTFP Summary.

The PCC had agreed to provide additional funding for the 2017/18 to allow the Force to maintain Police Officer numbers throughout the year as well as providing funds for the Service Delivery Model (SDM) to be introduced in the year. The additional funds were £1m in 2017/18 and £1m in 2018/19.

This leaves an anticipated residual gap of £3.803m, the majority of which is being addressed by the Change Team through Operation Balance. However, these work streams are still being scoped and the detailed timeline for implementation is currently unknown. However, completion of this budget review will have to be completed prior to formal approval of the 2018/19 budget.

The Change team have completed an Operation Balance Update which will be presented to the November 2017 Change Board.

### **3 Economic Impact on the budget build process**

There are a number of local and regional factors that may impact the budget requirement and currently carry a significant level of uncertainty; these can be classed as external and internal risks.

#### External Risk

- *Government Grant Funding*

The Chancellor has not announced further cuts in Settlement Funding following Brexit and did protect Settlement from reductions in 2017/18. With changes to establishment at the National Level the extent of any changes to estimated Home Office funding is difficult to predict, therefore Budget Managers and Business Partners will have to be mindful of the likelihood that significant late changes to spending plans may be required. This should be factored into the way budget information is collected and presented during the budget build period.

The previous CSR indicated that the overall funding to Forces would be provided on a flat cash basis provided that PCC maximised the local precept at 1.99%. However, this still represents an overall real terms reduction in the grant funding from the Home Office (currently estimated at 1.4%). The MTFP has been prepared on this basis but given that the settlement will not be known until mid-December, the overall budget position will not be clear until after department budget bids have been completed.

The national work on the current funding allocation to PCCs and the funding of police forces continues. The emphasis for 2018/19 has been on the total value of funding allocated to police forces and evidence has been presented at a national level on demand and efficiency. It is not anticipated that any changes to how the Police funding is distributed between forces will be made in 2018/19.

However there has been announcements by the Police and Fire Service Minister that the Home Office were reviewing. However, Forces plan to use the £1.6 billion currently held in reserves. It is unclear how this will impact the budget settlement.

- *Leaving the European Union – Brexit*

The decision to leave the European Union has resulted in significant political and economic uncertainty which is likely to have a direct impact on budgets and service demands/pressures. Whilst no emergency budget has been required, the Autumn Statement will present the future budget strategy which may include new impacts. The emerging impacts when known will be kept under review and considered in the budget process.

#### Internal risks

- *Fees and Charges Review*

Examination of all discretionary fees and charges to determine an approach of a commercial charge, full cost recovery, or subsidised charge. This review will include the impacts of inflation, Service changes and any intelligence gathered through benchmarking of the services.

Given budget pressures throughout the public sector, there is a growing trend for other authorities to start charging for services. For example, it is expected that Doctors will charge the Police for medical reports and the College of Policing has notified Forces of an increase in accommodation charges for 2018/19. This area for review has been tasked to the budget monitoring team finance business partner lead (S Clapp).

- *Budget Reduction Process*  
As part of the review of the Medium Term Financial Plan Northants have introduced a process of budget reduction review titled Operation Balance. This is a formal review of all budget operations within the Force. This is linked to Service Delivery Model

Budget reduction targets have been set as part of this review process, and will be revisited as part of the 2018/19 budget process to deliver required efficiencies over the period of the Medium Term Financial Plan (MTFP). The timely submission of realistic and risk assessed proposals are critical to the budget process and delivery of a sustainable MTFP. Finance Business Partners will work closely with Budget Managers to support this process. The change team will be leading on the Operation balance, however, it is essential that the finance function undertake the required financial stress testing on all business cases for budget reductions

- *Service Delivery Model (SDM)*  
The Service Delivery Model was approved as part of the budget setting process in 2017/18. Additional Funds were provided by the OPCC to deliver significant operational change. Stephen Mold, announced in his 2017/18 budget that he will provide Northamptonshire Police with the funding to add 46 new frontline roles, following feedback from residents of the county. This is part of a £2m investment into the frontline to help the Force fight emerging crime types, such as crime online, and to aid prevention through early intervention work.

Consequential it is safe to say that SDM is both significant in both changes to the operational requirement of the Force as well as being politically high profile for the Force and it was clear from the onset this is a Business Critical project. It is clear that quite rightly the Commissioner will want to see significant efficiencies in operational policing to be able to be resilient as well as flexible and initiative.

It was recognised that this was a significant and difficult procedure in establishing new way of working and we all understood the challenges that we all faced in delivering this vital change to operational policing as well as the resulting amendments to HR database.

Ultimately the SDM model will have to deliver efficiencies and operational activities that have been clearly signposted in the Police and Crime Plan 2017-2021.

- *Job Evaluation*  
There are no known job valuation processes currently in operation. As a result there are no financial implications for both the 2018/19 budget build, or, within the MTFP.

#### *Police Staff Pay Award*

The 2017 Police Staff Pay award has not yet been agreed. A 1% increase will be built in initially (as per the 2017/18 MTFP) and will be adjusted accordingly when known. If a similar award to police officers is agreed, the additional cost of the non-consolidated bonus for 2018/19 is £0.097m. In 2017/18 there is a 2% inflation adjustment (1% in base and 1% non-recurring).

- *Pay Restraint*  
The MTFP is currently modelled on the pay restraint previously announced by Government (i.e. 1% pay awards until Sept 2019 and budgeted to Sept 2020). However, given the Government's recent agreement to pay awards greater than 1% for police and prison officers it is unlikely that the pay award for Sept 2018 will be 1%. But again this will be factored into the MTFP following the Home Office Settlement announcement. Again, this will be factored into the process when there is certainty – currently there is a 1% award in 2018/19 for Police officers.

- *Overtime*  
The effect of abstractions, increasing demand is likely to change the overtime requirement. A meeting with the ACC and C/Supts is planned to discuss the overtime allocations prior to formal budget approval. But it is not envisaged that the overall budget will increase apart from pay inflation indices.
- *Regional Collaboration*  
There is work being undertaken regarding EMOpSS and Tri-Force IT that may have an impact on future revenue budgets. Following the Northants decision not to proceed with the Tri- Force IT project, the various work streams are being reviewed to determine which of these will continue. However, the 2018/19 budget will need to allow for the revenue consequences of the projects already progressed.

The PCCs have asked the regional units to model two budget scenarios for 2018/19: flat cash and a 5% reduction in budgets. The result will be built into the budget when known, but this may carry some element of risk given the number of regional business cases that were presented to the EM CC/PCC Board.

- *Staffing Resources*  
In order to meet the overall project timescales, it is essential that budget process deadlines are met by both Financial Services and Budget Managers to ensure timely completion of all tasks. It is requested that both Budget Managers and Financial Services consider annual leave requests on critical dates very carefully and that if key members of staff are to be absent that appropriate cover be arranged. This is particularly important where there will be a requirement to review the individual business cases emanating from the summary of identified savings with the Departmental Heads.
- *Savings targets / Operation balance*  
Budget reduction targets have been set by the Force part of the 2017/18 budget process to deliver required efficiencies over the period of the Medium Term Financial Plan (MTFP).

The Change team are the lead in this process and the responsible officer is Andrew Wilson. The Change Governance Board have agreed that greater onus was required on department heads to identify savings from their budgets

The timely submission of realistic and risk assessed proposals are critical to the budget process and delivery of a sustainable MTFP. Finance Business Partners will work closely with Budget Managers to support this process. These tasks are recorded within the budget build timetable (see annex B).

#### **4 Capital Programme**

The size of the capital programme both in current and future years will be dependent on the size and value of earmarked reserves as well as the level of capital funding, specific grants and borrowing will be the determining factor on the size of the capital programme.

These limiting factors will be the amount of borrowing that the OPCC wish to pursue which is documented in the OPCC Treasury Management Strategy. The cost of borrowing budgets is held within the OPCC revenue budget.

The decision not to sell Wootton Hall by the current Commissioner in February 2017 has had a significant impact on the direction of the Estates Strategy. The Estates programme will be driven by the Estates strategy and within the affordability process which is documented and updated on at least an annual cycle via the review and approval of the Treasury Management Strategy.

The IT programme will take account of the need to maintain the current IT infrastructure, completion of Tri-Force work streams, as well as addressing developments to support the efficient delivery of operational policing such as agile working and the Emergency Services Network. The current capital programme is

Capital Programme	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m	£m	£m
Major Building Works	9.331	14.032	11.179	1.216	0.325	0.275	36.358
Information Technology	6.191	1.978	4.621	1.326	0.812	0.826	15.754
Vehicle and Equipment	1.411	1.149	1.152	1.149	1.187	1.123	7.171
Operational Equipment	0.337	0.152	0.322	0.225	0.150	0.245	1.431
Change Programme	0.579	0.658	0.000	0.000	0.000	0.000	1.237
Other	0.644	0.000	0.000	0.000	0.000	0.000	0.644
<b>Total</b>	<b>18.493</b>	<b>17.969</b>	<b>17.274</b>	<b>3.916</b>	<b>2.474</b>	<b>2.469</b>	<b>62.595</b>

## 5 Reserves

As at 31st March 2017 the PCC held £10.335m in reserves, including the £3.520m General Reserve). This excludes regional reserves.

The following table shows reserve details by category and a 'template' for reviewing the balances for both the 2018/19 budget as well as the MTFP process (see Annex C).

Type of Reserve	Actual Balance Mar-17
REVENUE	£m
Road Safety	1.306
Initiatives Fund	1.134
Insurance	1.002
Pensions	1.286
Invest to Save	0.977
Joint venture	0.584
<b>Total</b>	<b>6.289</b>
CAPITAL	
Transformation	<b>0.526</b>
GENERAL FUND	3.520
<b>TOTAL</b>	<b>10.335</b>

As part of the budget build process there will be a requirement to review the earmarked and general fund reserves to take into account projected movements both in and out of Reserves. Provisional work has been undertaken for known movements and can be found in Annex D

The movement; transfer and allocation of reserves are ultimately the responsibility of the OPCC. As part of the budget build there will be an agreed process with both the Force and the OPCC to come to an agreed arrangement in the light of operational need and the overall reserves strategy for OPCC.

## **6 Detailed Project Plan and Guidance Notes**

### Introduction

The purpose of this guidance is to give background as well as detailed notes to assist both the Finance team and budget holder in the preparation of the 2018/19 budget process.

The budget process will need to take account of any statutory changes, Department business plans; corporate change projects, change board business cases and regional developments

### Timescales: Project Outputs and Outcomes

The Budget for 2018/19 must be approved by the Commissioner by C15<sup>th</sup> February 2018. The Police and Crime Plan gives focus on what the OPCC wants to achieve, linked to its priorities, force work programmes, like the Priority Plan and capital investment plans. The annual budget will show how this can be funded and will help set the context for the Forces Medium Term Financial Plan and ultimate MTF Strategy.

The final project output will be the issue of the approved Budget during February which will allow the Police and Crime Commissioner to set a precept to be issued to precepting authorities (7 District/Borough Councils and the County Council). This in turn will be included in Council Tax demands which are despatched to all households in Northamptonshire.

This document concentrates on the preparation of the budget, but incorporates the provisional key dates for the service planning process which is closely aligned.

The initial draft budget needs to be completed by the 25 November 2017. It is proposed that the draft MTFP will be Presented to JIAC on the 5 of December. This will allow time for the 'model' to be scrutinised and developed ready for 1<sup>st</sup> draft scrutiny. (See Annex A1-3) and for the detailed timetable documented in Annex B.

### The Approach

The budgeting review and budget build will be largely similar to last year's process. The budget model template will be provided along with instruction for completion alongside this guidance.

The budget build process is an essential element of the finance function cycle and is a key piece of work and by the nature of the process is time limited. One must remember that this process is business critical as the Police have to produce a balanced budget and is a statutory requirement.

Staff pay forms the greatest proportion of the budget for the organisation and in the light of this the main priority should be to complete the staffing salary budgets along where growth / savings are expected. Where there may be department restructures are underway and are unlikely to be completed prior to the final budget built, budgets should be based on the current position and any changes can be made during the 2018/19 year.

The Service Delivery Model went live on the 30 October 2017 and the staffing budget now reflect these changes in the financial ledger.

The first draft of the 2018/19 Budget has been produced. However, this have been completed by using pay and inflation assumption which may be amended as the Force receive formal notification of the central government grant funding from the Home Office. As we get clarity these assumptions will turn into 'fact' and there may be further amendments as required.

The current projection of the budget shortfall is in the region of £3.8m. There is no doubt that this figure will fluctuate as we get clarity.

### Operation Balance

As part of the MTFP process the Force have been predicting a significant budgetary shortfall. As a result the Change Team have been tasked with leading with a review of all elements of organisational demand with a mandate to seek methods of reducing, removing and better manage demand to improve the efficiency and effectiveness of the force and provide and improved service. The key objective of Operation balance is to achieve a balanced budget for 2018/19 whilst also maintaining or enhancing the front line service delivery in support of SDM.

Department heads were asked to provide ideas for reducing their total policing budget (including police pay) by 4%, with the resulting ideas being risk reviewed to see which ones we will or will not take forward to outline business case through Chief Officers and the Change Board.

The 4% figure is greater than the amount that has been forecast for what the force needs to save and was selected on the basis that:

- 1) Not all departments would be able to achieve a 4% reduction without compromising frontline service delivery
- 2) The force may need some contingency to account for pay increases beyond 1%
- 3) To provide senior leaders some flexibility to choose what service levels may need to be reduced to meet the financial challenges.

As part of the process Departmental Heads were advised that proposals to reduce frontline policing areas reviewed under the SDM are unlikely to be progressed unless there is a change of policy or process that reduces demand on those teams or there are opportunities for workforce modernisation that allow the force to maintain similar service levels at reduced cost

Department Head have identified potential savings and outlined business cases agreed at the October Change Board are now proceedings through to consultation with effective roles. Initial savings have been identified and approximately 56% equates to pay budgets and 44% equates to non-pay budgets. The current budget profile equates to 81% on pay budgets and 19% to non-pay budgets.

It is important to state that whilst the Change team are leading with Operation Balance, it is essential that Finance team are fully involved with the review of any proposed reductions in budgets. Namely all such proposals pass the stress test in terms of operational effectiveness; any savings are fully costed and this includes any additional revenue costs that are as a direct result of reducing posts. This is a critical element as currently there are no budgetary provision built into the current budget build for 2018/19 for redundancy costs. Within the budget build timetable there are regular meeting between the Change team and Finance to review, appraise and approve / reject proposed budget reductions.

### Evidence

There is a constant search for more efficient methods with reduced expenditure remains an integral part of the budget building. It is important to note that there is a direct link and review of any budget adjustment to that of any savings / changes to budget provision in Operation Balance.

As part of this process finance have already reviewed and identified £0.868m of savings that are outside the Operation Balance process- again final verification will be required to ensure 'no double counting of savings'

Accurate forecasting is therefore essential depending in turn on the ability to quantify and substantiate figures. Budget working papers should be constructed so that significant variances can be easily identified. Detailed workings are required the Senior Management team can then take appropriate action in the light of such information.

We will require detailed working on a number of areas and including:

- Mileage and essential users information;
- Detailed spending plans should be included for all operational equipment budgets;
- Listing of all contribution to other agencies / Partners relating to agency contract payments;
- Details of IT maintenance costs that include IS systems, length of contracts ; and annual values.

#### Potential budget changes / risks

There are a number of areas in which there may be potential budget changes mainly as a result of external pressures / changes and whilst there are areas in which there may be changes these should not be regarded as the definitive list. Potential examples are:

- The effect of changing Direction in the IT Tri-Force project may have cost implications;
- Cost of doctors' fees are likely to rise following new guidelines;
- Due to delays to the Emergency Service Network and uncertainty regarding devices this needs to be reviewed to establish the potential financial impact;
- Review the potential impact of firearm licensing income fluctuations;
- Criminal Justice income streams are liable to fluctuate;
- Review the potential impact on any Hayes / job evaluation streams on the budget build;
- HR Budget may be affected by plans to work more closely with the HR functions with Northamptonshire Police;
- EMOpSS is under review and may present further challenges which could impact 2018/19;
- Review running costs / repair and maintenance budgets in the light of potential changes to the Estates Strategy as a result of renovation, or agreement for sale of estate properties;
- As a result of agile working there is likely to have an impact on mobile telephone costs as devices continue to be rolled out and working practices evolve;
- As part of Operation Balance there will be savings within pay budgets and as such there will be a requirement for Finance team to review the individual proposals to carry out 'stress testing' the feasibility of each proposal and this includes a determination of any additional revenue consequences of such decisions e.g. redundancy costs (note currently there are not earmarked reserves set up for funding such costs).

#### Financial Function's Contacts and responsibilities

Finance are responsible for establishing the rules and standards under which the budgets should be prepared and for providing support for the detailed preparation of service revenue and capital estimates. Efficiency/Budget Reduction proposals and Forward Financial Planning are also co-ordinated by this section.



Advice and support during the Budget Process will be provided by Finance whose contacts and responsibilities are:

Nick Alexander - (Finance) – MTFP (Pressures, Savings excluding Operation Balance)

Debbie Clarke - (Finance) - capital

Suzanne Clapp - (Finance) revenue budgets

Andrew Wilson - Change Team – Operation Balance

Helen King (s151) & Jelena Motta – (OPCC) and lead on Council Tax / funding and Reserves

### Inflation 2018/19 to 2020/21

Generally, spending will be regarded as on a zero inflation basis. Inflation for Salaries will automatically be added to salary estimates and the other items of inflation will be provided for centrally. The inflation indices and other uplift data can be found in Annex A1- 3).

### Payroll

It is likely that Police staff pay award negotiations will not be concluded in time for the Initial budget workings. The model will include an increase of 1% (in line with MTFP assumptions) and any revisions will be completed later in the budget process, or during 18/19 if necessary.

Any vacancies must be reviewed and discussed with the budget holder in order to ascertain whether the posts are to be recruited or can be released as a saving. Note as part of Operation Balance there may already have been a discussion regarding this – But again this will be reviewed as part of the budget reconciliation process.

The process is that Payroll information to be loaded into a central file where additional data is attached. The management accountants then to review with the business and HR to gain their agreement and also to give them opportunity to feed in any other changes for vacancies or structure changes.

Information to be exchanged with HR so that they can confirm changes and once final approval to reduce post(s) then these are adjusted in the HR System by HR Staff. There will need to be a reconciliation process between the HR data and the revised 2018/19 base staff budget.

- Overtime to be agreed with Business Partners and business; and will be phased using past payment history for Bank Holidays, flat for other months unless there is a known reason for cost centres, grades/ranks, post titles, etc.; which is then extrapolated out for remaining months. Overall there is an expectation that overtime cost will only increase by the agreed pay award inflation % there will be no additional pressures request;
- For officer increments on the anniversary of their last increase; staff increments effective from April pay award of 1% from September for officers and staff;
- National Insurance will be calculated based on each individual rather than an average rate across all 30 year officer leavers, with the assumption of a saving from the month after they leave and no backfill at that rank, unless advised otherwise by the business (for staff this is an individual position calculation and for officers is based on average calculation);
- Bear Scotland payments will be held as a central cost and based on current trends and budgeted overtime;
- Inclusion of agency staff (i.e. projects), but where they were covering an established post we will budget the staff cost appropriate to that post.

### Non Pay Budgets

There is no general inflationary increase for 2018/19. However, there will be inflation for Utilities as well as business rates and fuel. Details can be found in Annex A1 -3). As part of the initial draft budget these increases have been factored in the summary only. Once the budget has been approved the individual budgets will be amended and uploaded in the General Ledger. This will be the responsibility of the Finance Budget Monitoring Team.

If there is a legal obligation as a result of contract agreements, these will be specific to the contract inflation will be added and will be built into the base budget and all price increases relating to contract need to be fully evidenced.

There should be a review of all non pay budgets and there is no assumption that a 'past' Budget' will be automatically be carried forward as part of the base budget (see Operation Balance).

### Force Budget Pressures

There are on-going discussions regarding the operational pressures that will impact next and future financial years. The budget pressures are identified into the different headings these include; Payroll; Estates, operational need and management decisions pressures and are further explained within the finance planning section of this guidance.

### Regional Budgets

Information on regional budget contributions will be provided by Lead Forces and the 2018/19 funding formula has been agreed as follows:

Force	Current Formula (2017/18)	2017/18 Grant income £m	Proposed Formula (2018/19)	Change	
	%		%	%	%
Nottinghamshire	27.3	134.018	27.3		0
Leicestershire	22.9	112.457	22.9		0
Derbyshire	21.8	107.137	21.8		0
Northants.	14.8	73.053	14.8		0
Lincolnshire	13.2	64.740	13.2		0
<b>TOTAL</b>	<b>100.00</b>	<b>494.405</b>	<b>100.00</b>		

### Capital

The OPCC are responsible for all assets of the police Force and this includes operational assets such as police vehicles, stations, firearms. Similarly the funding of all capital items is the responsibility of the OPCC.

Nevertheless, there is a close working relationship between the OPCC and the Force in terms of the operational need of the Force and as such there is in effect full dialog in determining the Capital programme for example the Chief Constable will make the 'final' decision on whether station 'x' will be regarded as surplus based on the operational needs and requirement of the Force.

Capital bids in excess of £10,000 will be reviewed by Financial Services for their applicability for option appraisal/whole life costing.

There is a process of option appraisal to determine whether such a capital scheme is approved. It is important to note that schemes most likely to be successful are those that meet the Force's priorities, are funded by savings in other budget heads, are invest to save schemes or that generate external funding. Part of the appraisal process will be the funding element of each scheme and will include the funding of the project and the impact on

borrowing requirement and compliance with the overall Treasury management Strategy regarding affordability.

Input the gross Capital budget required for completion of the scheme in the relevant year(s) and to profile the budget accurately across years), together with any gross external funding available and capital receipt to be generated from the sale of surplus/underutilised assets. If external funding is not certain, remember to input this fact to the section on Risk Factors.

Ongoing Revenue Implications of Capital schemes should be input over the 5 year medium term planning horizon. Any revenue implications that are short term should be input in the relevant year(s). Remember to consider the impact of the start date of the scheme. If a scheme is planned to start part way through a financial year then a part year revenue implication may be appropriate depending upon the nature of the scheme. For example, if the scheme is due to be complete by the end of September then only six months additional expenditure (or income) may be appropriate in year 1 with a full year's effect beginning in year 2.

#### Capital Financing Costs

Capital Finance budgets were transferred to the OPCC budget in 2017/18 as a result all plant and equipment assets were 'transferred' to the OPCC balance sheet as at the 31 March 2017. There are no assets held by the Force.

The capital financing requirement has already been estimated after taking into account the projected borrowing requirement as a result of the revised estates strategy and the estimated timing of agreed sale of surplus assets.

#### VAT

All estimates of income and expenditure are to be shown exclusive of VAT.

#### Project Evaluation

As usual a record will be kept of the dates by which all tasks are completed. This will be a continuing process to highlight problem areas prior to each subsequent year's Budget Plan. A review meeting will be held by Financial Services in March 2018 following the budget approval.

#### Project Milestones and Monitoring

The main stages in the production of the Council's budget build timetable can be found in Annex B.

## 7 Specific Budget Categories

Estimates for each budget category will be the responsibility of the section or department as shown in the table below:

	Category	Responsibility
1	<i>Employee Expenses</i>	<i>There are no proposals to regard this as a pressure</i>
2	<i>Premises related expenses</i>	<i>Unless there is a business case that is a direct result of the Estates strategy / capital programme there will be no inflation provision. NNDR and utility <b>inflation</b> will be applied centrally once confirmed.</i>  <i>Insurance estimates will be compiled centrally.</i>
3	<i>Transport related expenses</i>	<i>Car allowances and public transport estimates will be centrally compiled by Financial services– but apart from fuel cost it is not envisaged that there will be any inflation provision allocation</i>  <i>Vehicle budgets will be calculated by Financial Services in conjunction with the Fleet Manager as a part of the rolling capital approved programme (need to identify any additional revenue implications).</i>
4	<i>Supplies and Services</i>	<i>No proposed inflation % apart from those identified as part of contractual arrangements as documented in the MTFP</i>
5	<i>Capital Financing Costs</i>	<i>Financial Services /CFO PCC ( as result of the capital programme / estates strategy</i>
6	<i>Income</i>	<i>Estimate proposals will be discussed &amp; checked to Force policies.</i>

## 8 Financial Planning

To assist with the authority's forward financial planning exercise, a projection of estimated budget requirement for 5 years has been undertaken (see MTFP). Departments are asked to identify any known changes in service provision that will impact upon the budget over that period, that have not already been included a development bid or efficiency proposal (Operation Balance).

There has been a review of the following areas and have been included in the draft MTFP; paper; these are:

- Pay and Actuarial Pressures;
- Budget pressures – operational need;
- Budget pressures – unavoidable inflation pressures;
- Budget pressures – Management decisions;
- Estates and other pressures;

- SDM budgetary needs;
- Operation balance requirement;
- Planned Savings;
- Virement and Reserve adjustments.

These estimates are detailed in the Paper 'Draft Medium Term Financial Plan'. There will be discussions between the Force and the OPCC regarding individual scrutiny of these headings. There will be a further review once the financial settlement has been published by the Home Office. Similarly, the work relating to 'Operation Balance' will continue in the background. However, when we have clarity regarding funding and agreement on the budget pressure costs this will ultimately drive and crystalize the Savings target as documented in Operation Balance.

The first meeting with Andrew Wilson and the change team will occur on the 24 November after which each individual savings proposal can be financially reviewed and appraised. This process will be an integral part of the budget build process and has been documented in the timetable.



## Annex A2 (contd.) MTFP - Breakdown of Savings and Pressures

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£	£
Supplies and services savings	(210)	(414)	(605)	(778)	(928)	(1,050)
Operation Tuckhill	(251)					
Op Adept	(75)					
Removal of Tri Force (Finance) role	(130)	(130)	(130)	(130)	(130)	(130)
Sketty Close (Operations)	(89)	(177)	(177)	(177)	(177)	(177)
Mereway Buildings	(114)	(228)	(228)	(228)	(228)	(228)
Brackley Station	0	(8)	(17)	(17)	(17)	(17)
Corby Police Stn Eliz St	0	(79)	(159)	(159)	(159)	(159)
Kettering Police Stn London Road	0	(44)	(88)	(88)	(88)	(88)
Rushden Offices	0	(8)	(15)	(15)	(15)	(15)
Eastern Rushden Station	0	(16)	(32)	(32)	(32)	(32)
Earls Barton Office	0	0	(4)	(7)	(7)	(7)
Towcester Station	0	0	(29)	(57)	(57)	(57)
Watford Gap Police Box	0	0	(2)	(4)	(4)	(4)
Oundle Station	0	0	0	0	(7)	(14)
Wellingborough Station	0	0	0	0	(63)	(127)
Desborough Office	0	0	0	0	(5)	(9)
Finendon Office	0	0	0	0	(4)	(9)
All others						
<b>Savings</b>	<b>(869)</b>	<b>(1,104)</b>	<b>(1,486)</b>	<b>(1,692)</b>	<b>(1,921)</b>	<b>(2,123)</b>
Police Officer Pay Rises	1,442	2,528	4,193	6,167	8,204	10,310
Police Staff Pay Rises & actuarial changes	428	840	1,433	2,067	2,642	3,173
Police Staff Actuarial increase (1% per annum (2.03% in 18/19 as per a	475	713	913	1,103	1,282	1,452
<b>SDM</b>						
4 x Investigative Roles (Change Board Roles)	132	134	136	139	143	146
24.7 x LIO Roles	749	760	771	791	810	831
1 x Serious & Organised Crime LIO Role	29	29	29	30	31	32
4 x Crime Mgmt Unit Desk Officers	189	192	194	199	204	209
4 x High Tech Crime Roles	128	130	132	135	138	142
5.5 x Call Handler Roles	182	184	187	192	196	201
4 x Pollit Roles	0	0	0	0	0	0
6 x Safeguarding Officers (Scale 6)	194	197	200	205	210	215
1 x Risk Mgr Officer (Scale 6)	33	33	34	34	35	36
Adjustment for Existing SDM Staff Funding Roles (17/18 func	(574)	(574)	(574)	(574)	(574)	(574)
PCSO Reductions	0	0	0	0	0	0
Future Demand prediction as per AW 16th Oct	0	151	306	462	620	780
<b>Operational Need</b>						
Joint Command Unit (Police/ Fire Lorry) running costs	30	31	31	32	32	33
Finalisation of Op Tuckhill & Adept	163	82	41	0	0	0
Digital Capacity	174	174	174	174	174	174
ANPR	67	68	69	70	71	72
Tasers	17	17	18	18	18	19
<b>Pressures that cannot be locally influenced</b>						
National Accreditation Requirement	169	173	86	88	90	93
Supplies & Services Inflation	90	221	401	627	898	1,212
Microsoft 365 licensing	420	493	493	579	579	679
Firearms licensing (until SDM team review)	18	18	19	19	19	20
Cash Impact of Regional Collaboration Increases	47	47	47	47	47	47
Change Team additional costs (excluding existing change te	248	252	256	262	269	276
Performance Improvement Role	40	41	41	42	43	44
Equality (EHCR) Role	28	28	29	30	30	31
Positive action role	25	0	0	0	0	0
ISD restructure (capital salaries to revenue switch)	123	125	127	129	131	133
ESN Dual Running	0	585	597	609	621	633
Removal of Airwaves running costs	0	0	0	0	(770)	(770)
FHQ & NAH Pressures from No Sale (incl cleaning)	100	102	104	106	108	110
Deane House	11	11	12	12	12	12
Cube	11	11	11	12	12	12
Change to national income charging assumptions	30	30	30	30	30	30
Pressures	<b>5,218</b>	<b>7,826</b>	<b>10,540</b>	<b>13,836</b>	<b>16,355</b>	<b>19,813</b>
	<b>4,349</b>	<b>6,722</b>	<b>9,054</b>	<b>12,144</b>	<b>14,434</b>	<b>17,690</b>

## Annex A3 (contd.) MTFP – INFLATION INDICIES AND OTHER UPLIFT DATA

### Inflation Indices and other uplift data

Area/Year	2017/18	2018/19	2019/20	2020/21	2021/22	Notes
<b>Pay:</b>						
Police Officers (Basic Pay)	1.00%	1.00%	1.00%	2.00%	2.00%	Treasury expectations and future market pressures
Police Officers (Non Consolidated)	1.00%					Actual settlement
Staff	1.00%	1.00%	1.00%	2.00%	2.00%	Treasury expectations and future market pressures
PCSO's	1.00%	1.00%	1.00%	2.00%	2.00%	Treasury expectations and future market pressures
<b>Pay Vacancy Rate:</b>						
Police Officers	Calculated	Calculated	Calculated	Calculated	Calculated	Known attrition for each force
Staff	0-5%	0-5%	0-5%	0-5%	0-5%	Variable based on size and local knowledge
PCSO's	0-5%	0-5%	0-5%	0-5%	0-5%	Variable based on size and local knowledge
<b>Utilities:</b>						
Gas	0.00%	3.00%	3.00%	3.00%	3.00%	Market assumption
Electric	2.00%	2.00%	2.00%	2.00%	2.00%	Market assumption
Water	2.00%	2.00%	2.00%	2.00%	2.00%	CPI
Business Rates	2.00%	2.00%	2.00%	2.00%	2.00%	CPI
Fuel	0.00%	2.00%	2.00%	3.00%	3.00%	Market assumption
<b>Capital:</b>						
MRP						
Interest earned	0.20%	0.20%	0.20%	0.20%	0.20%	Local - Treasury Investment Strategy
Interest Paid	2.84%	3.50%	3.50%	3.50%	3.50%	Local - Treasury Investment Strategy
Capital Receipts	Nil	£2.001m	£3.290m	£0.718m	Nil	Local - Estates Strategy
<b>Funding:</b>						
Settlement						Per PCC Annual and MTFs
Bids/Grant Income - Rev						PIF Offer Letter
						ESN
						Transformation
Bids/Grant Income - Cap						PIF Offer Letter
						ESN
						Transformation
Tax Base	2.04%	2.04%	2.04%	2.04%	2.04%	From Billing Authority
Precept amount	1.99%	1.99%	1.99%	1.99%	1.99%	Per PCC Annual and MTFs
<b>Supplies &amp; Services:</b>						
Contracts	CPI	CPI	CPI	CPI	CPI	Or other in contract indicator
Non-contract	0.00%	0.00%	0.00%	0.00%	0.00%	Cash Limited Budget
<b>Demand</b>	0	0.151	0.306	0.462	0.62	Cummulative - general unspecified demand e.g. due to housing growth, economic pressures etc.
<b>Collaboration</b>						
Legal	1.00%	1.00%	1.00%	1.00%	1.00%	Mainly Staffing based, unlikely additional efficiency gains
EMOpSS	0.00%	0.00%	0.00%	0.00%	0.00%	PCC Board
EMCJS	0.00%	0.00%	0.00%	0.00%	0.00%	PCC Board
MFSS	0.00%	0.00%	0.00%	0.00%	0.00%	PCC Board
EMSCO	0.00%	0.00%	0.00%	0.00%	0.00%	PCC Board
EMSOU	0.00%	0.00%	0.00%	0.00%	0.00%	PCC Board
Major Crime	0.00%	0.00%	0.00%	0.00%	0.00%	PCC Board
L&D and OHU	0.00%	0.00%	0.00%	0.00%	0.00%	PCC Board
Forensics & CSI	0.00%	0.00%	0.00%	0.00%	0.00%	PCC Board
Police IT Charges						
LGPS	18.00%	20.30%	21.30%	21.30%	21.30%	Tri-annual revaluation and local reserves policy
Police Pensions	24.20%	24.20%	24.20%	24.20%	24.20%	Tri-annual revaluation from Home Office
Auto Enrollement						Locally calculated



**ANNEX B – 2018/19 BUDGET BUILD TIMETABLE**

<b>Task</b>	<b>TIMETABLE</b>	<b>Due Date</b>	<b>Completed</b>
1.	Calculation and input of MRP and onward and Determine Capital Financing	18 October (and or reviewed monthly)	YES
2.	Half year review of cash management / council tax collection position	5 <sup>th</sup> October	YES
3.	Staffing budget review to account for inflation and staff movements	30 <sup>th</sup> October	YES
4.	Remove 2017/18 One-off budgets	6 <sup>th</sup> November	YES
5.	Prepare the base budget – based on draft assumptions	12 November	YES
6.	Check for known Early Retirements & notify Financial Services of Pension Strain (ongoing)	12 November	YES – non identified as at due date
7.	Consider draft medium term plan and review any annual budget gaps, with progress against budget reduction/efficiency proposals reviewed	13 November	YES
8.	Provisional budget review with PCC (HK)	13 <sup>th</sup> November	In part (on going informal discussion)
9.	Meetings between Nick alexander / R Jones to discuss proposed budgets	14 <sup>th</sup> November	YES
10.	To review MTFP to include funding assumptions, inflation adjustments; pay and actuarial pressures, SDM, other pressures (split by type) and any agreed virements between Force and OPCC and planned savings which will determine the funding gap = savings target	w/c 13 <sup>th</sup> November to 21 <sup>th</sup> November	YES
11.	Review 2018/19 budget assumptions in the light of Chancellor's budget statement on the 22 November and if applicable adjust the MTFP model	22 <sup>th</sup> and 23 <sup>rd</sup> November	YES
12.	Review and agree Virements between Force and OPCC – as per MTFP discussions	23 <sup>rd</sup> November	
13.	Discussion <i>Operation Balance</i> (savings requirement) with Andrew Wilson and team – with a requirement for finance to critically evaluate savings proposals – including any additional revenue costs / redundancies etc.	24 November	
14.	Service Finance to complete final review of all Force income budgets and if applicable adjust MTFP / Budget build working papers	27th November	
15.	Force to review 'first take' of <i>Operation Balance</i> savings proposals – including estimated of cost of redundancies (if any) emanating from proposals	30 <sup>th</sup> November	
16.	Final review and complete all payroll budgets (subject to NI, actuarial change, late changes etc.)	1 <sup>st</sup> December	

17.	<b>TIMETABLE continued</b>		
18.	To agree 2nd draft budget proposal and draft Force medium term plan and to consider Budget reduction proposals (Force and OPCC).	5 <sup>th</sup> December	
19.	Review progress with AW regarding update on any additional savings and have update from stress testing by Finance on proposals from <i>Operation Balance</i>	13 <sup>th</sup> December	
20.	Individual MFG Members meet Budget Managers to discuss Service Plans/ Change team / Cots	w/c 4 <sup>th</sup> December to 15 <sup>th</sup> December	
21.	Provisional Funding Settlement review ?– Home Office comparison with internal assessments and adjust MTFP / operation balance adjustment	15/18?December	
22.	Update MTFP (if required )	18 <sup>th</sup> December	
23.	Meetings with OPCC representatives, (HK and MS) and Force Finance staff to discuss draft budget to include expected decision on Precept values.	19th December	
24.	Review progress with AW regarding update on any additional savings and have update from stress testing by Finance on proposals from <i>Operation Balance</i>	4th January	
25.	Final opportunity for COTS /PCC consider Budget Report	8th January	
26.	OPCC to produce draft council tax / precepts calculations	15 <sup>th</sup> -22nd January (Billing Authorities Date)	
27.	Meeting with OPCC, Force Finance and COTs team to finalise budget proposals	17 <sup>th</sup> January	
28.	Draft Budget Papers ready for despatch to PCC	23 <sup>rd</sup> January	
29.	Police and Crime Panel Consider PCC Precept Proposal	1st February??	
30.	OPCC to Issue of Council Tax Precept Letters	C15 <sup>th</sup> February	
31.	Input Revenue & Capital Budgets to Oracle	Early March	
32.	Produce & circulate 2018/19 Budget	Early March	
33.	Review of Budget & Service Plan process / Oracle reports	Mid - March	
34.	Post evaluation review of Budget process / lessons learned	Early April	

## ANNEX C – RESERVES BALANCES AS AT 32 MARCH 2017

	Balance at 1 April 2015	Transfers In 2015/16	Transfers Out 2015/16	Balance at 31 March 2016	Transfers In 2016/17	Transfers Out 2016/17	Balance at 31 March 2017
	£m	£m	£m	£m	£m	£m	£m
Initiatives Fund	(1.362)	(7.462)	5.883	(2.941)	(0.910)	2.717	(1.134)
Insurance	(1.783)		1.700	(0.083)	(0.919)		(1.002)
Invest to Save	0			0	(0.977)		(0.977)
Pensions	(1.197)	(0.083)		(1.280)	(0.006)		(1.286)
Safer Roads	(1.194)			(1.194)	(0.112)		(1.306)
Capital/ Transformation	0	(3.010)		(3.010)	(10.270)	12.754	(0.526)
Joint Venture Reserves	(0.715)		0.041	(0.674)	0.090		(0.584)
Carry Forwards (OPCC & Force)	(2.141)	(1.124)	1.212	(2.053)	(0.387)	2.440	0
Employee Benefit Reserve	(1.144)	(0.002)		(1.146)		1.146	0
PCC Carry Forward Reserve	(0.022)		0.022	0			0
Print Services Equipment	(0.049)		0.049	0			0
Transformation Reserve	(0.708)		0.708	0			0
Restructuring Reserve	(2.799)		2.799	0			0
Specials and Volunteers	(1.684)		1.684	0			0
Future Capital Spending	(0.059)		0.059	0			0
<b>Total Earmarked Reserves</b>	<b>(14.857)</b>	<b>(11.681)</b>	<b>14.157</b>	<b>(12.381)</b>	<b>(13.491)</b>	<b>19.057</b>	<b>(6.815)</b>
General Fund Balance	(6.048)	(2.477)	4.121	(4.404)	(1.532)	2.416	(3.520)
<b>Total Reserves</b>	<b>(20.905)</b>	<b>(14.158)</b>	<b>18.278</b>	<b>(16.785)</b>	<b>(15.023)</b>	<b>21.473</b>	<b>(10.335)</b>

## ANNEX D – ESTIMATED RESERVES BALANCES AS AT 31 MARCH 2023

	17/18			18/19			19/20			20/21			21/22			22/23			
	Opening Position £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m	In £'m	Out £'m	Closing/ Opening £'m
Spend to Save	0.977			0.977	(0.977)		0.000			0.000			0.000			0.000			0.000
Pensions	1.286	(0.115)		1.171			1.171			1.171			1.171			1.171			1.171
Insurance	1.002			1.002			1.002			1.002			1.002			1.002			1.002
Safer Roads	1.306			1.306	(0.261)		1.045	(0.261)		0.784	(0.261)		0.523	(0.261)		0.262	(0.262)		0.000
Initiatives Fund	1.134	1.404		2.538	(1.000)		1.538	(0.040)		1.498			1.498			1.498			1.498
Known Contingencies	0.000			0.000			0.000			0.000			0.000	2.411		2.411			2.488
Capital	0.526	1.371	(1.897)	0.000	0.103	(0.100)	0.003	0.040	(0.043)	0.000			0.000			0.000			0.000
Joint Venture	0.584			0.584			0.584			0.584			0.584			0.584			0.584
<b>Total Earmarked</b>	<b>6.815</b>	<b>2.660</b>	<b>(1.897)</b>	<b>7.578</b>	<b>0.103</b>	<b>(2.338)</b>	<b>5.343</b>	<b>0.040</b>	<b>(0.344)</b>	<b>5.039</b>	<b>0.000</b>	<b>(0.261)</b>	<b>4.778</b>	<b>2.411</b>	<b>(0.261)</b>	<b>6.928</b>	<b>2.488</b>	<b>(0.262)</b>	<b>9.154</b>
General Reserves	3.520	0.687	(0.044)	4.163			4.163		(0.065)	4.098		(0.543)	3.555			3.555			3.555
<b>Total Reserves</b>	<b>10.335</b>	<b>3.347</b>	<b>(1.941)</b>	<b>11.741</b>	<b>0.103</b>	<b>(2.338)</b>	<b>9.506</b>	<b>0.040</b>	<b>(0.409)</b>	<b>9.137</b>	<b>0.000</b>	<b>(0.804)</b>	<b>8.333</b>	<b>2.411</b>	<b>(0.261)</b>	<b>10.483</b>	<b>2.488</b>	<b>(0.262)</b>	<b>12.709</b>

### Notes

#### Pension reserve

Review of this reserve with a view to reduce employer contributions, with the aim to reduce future contribution in the revenue account during the actuarial valuation period

#### Safer Roads

Monies ring-fence to safer roads and there will be an assumption that there will be a write down to revenue spend over the 5 year period

#### Initiatives

This relates to early interventions; capital programme funding and commissioning

#### Known contingencies

This will be reviewed in line with MTFP assumptions and pressure in future years

#### Capital

For Capital programme funding

# NORTHAMPTONSHIRE POLICE

**FROM:** Paul Dawkins  
ACO Finance & Resources

**TO:** Chief Officer Team

**AREA/DEPT:** Command

**DATE:** 30<sup>th</sup> October 2017

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**SUBJECT:** Budget Monitoring 2017/18 – September (Period 6)

## Introduction

This report summarises the revenue and capital outturn projections as at 30<sup>th</sup> September 2017.

## Summary of Projected Revenue Outturn

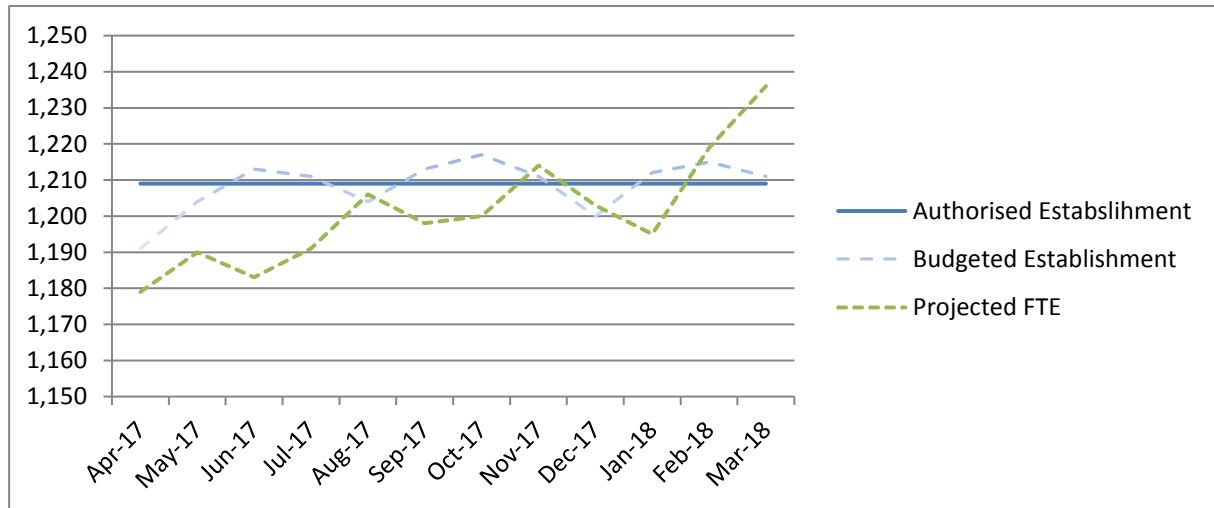
The table below summarises the projected outturn for 2017/18 (see Annex 1 for further details).

	£000	£000
<b>Net Revenue Budget 2017/18</b>		<b>115,671</b>
<b>Corporate Budgets</b>		
Police Pay	222	
SDM	18	
PCSOs	(80)	
Non-Devolved Budgets	(205)	
Net projected underspend		(45)
<b>Delegated Budgets</b>		
Crime & Local Policing	93	
Operational Support	(144)	
Transformation Programme	298	
Business Support	(416)	
Net projected underspend		(169)
Regional Collaboration		224
<b>Projected Revenue Outturn 2017/18 (Force)</b>		<b>10</b>

## **Corporate Budgets**

### **Police Pay – overspend £222k**

The part-year impact of the Police Officer 1% bonus announced as part of the 2017 Pay Award of £316k has been included. This has taken the Force from a projected underspend position of £94k to the current position of a £222k forecast overspend. Unbudgeted leavers in early 2017/18 created a year to date underspend, which will be offset by the forecast increase in recruitment in late 2017/18. This is graphically demonstrated below.



### **SDM – overspend £18k**

A slight overspend on staff pay is predicted but any delay in recruitment may significantly impact on the final outturn.

### **PCSOs – underspend £(80)k**

The PCSO budget was set based on an establishment of 88 FTE. There have been a higher number of leavers than expected, resulting in recruitment in later months being adjusted for this. Out of the 88 FTE, 14 were part funded through partnership arrangements, which are currently under review. Wellingborough Borough Council has now ceased its support for 1.5 FTE, which has resulted in a £26k reduction in income for this financial year.

### **Non-Devolved Budgets – underspend £(205)k**

At the start of the financial year, a one off provision was set to cover the costs of vacating the premises at Sketty Close. Legal fees will now be £146k lower than anticipated. National charges for levies will not be as high as originally expected, so are currently forecast to underspend by £84k. There has been a slight worsening of the forecast of external interest, now expected to overspend by £25k.

## **Delegated Budgets**

### **Crime and Local Policing – overspend £93k**

The projected £93k overspend is due to:

- 1) Crime & Local Policing Command – a net £60k underspend as a result of staff vacancies and long term sickness, in part off-set by an increase in overtime.
- 2) Supt Command – a net £197k (£19k + £178k) overspend is due to officer overtime, with the delay in recruiting LIOs to support the SDM model accounting for £142k of this overtime.

- 3) Investigation Department – a net £28k overspend. The Crime Bureau is forecast to be an overspend of £73k due to ongoing unbudgeted MOPI posts and a vacancy factor of £18k, which is unlikely to be achieved. This is offset by underspends, mainly on salaries due to vacant posts, in Public Protection.
- 4) Intelligence Directorate – a net £82k overspend.  
 Cyber Crime is forecast to be an overspend of £83k due to four new posts and the associated training and equipment for the post holders.  
 Covert Ops is showing a forecast overspend of £102k due to subscriber checks, an essential software upgrade, with no budget and the effect of re-haying staff salaries.  
 Firearms Licensing is forecast to be an overspend of £11k, which is as a result of the need to temporarily increase a part time staff position to full time.  
 DSU will overspend by £10k due to the purchase of a software licence, which was not budgeted for.  
 FIB is expected to underspend by £53k and Economic and Financial Crime is expected to underspend by £22k, both due to a number of leavers, with the vacancies still to be filled or with new starters being paid on lower scales. Similarly Op Tuckhill is under spending by £49k due to lower than expected staff costs.
- 5) Operations Contingency – £417k has been committed to in-year operations/projects, resulting in an expected balance of £154k. Spend on Major Investigations is currently £55k below budget, net income from Mutual Aid is £8k with the balance relating to tight control over the allocation of operational contingency element of the budget to in year operation/projects.

#### Operational Support – underspend £(144)k

The projected £144k underspend is due to:

- 1) Operational support command is showing a £7k overspend due to a shortfall in the budget for CCTV provided by Northamptonshire Borough Council.
- 2) Specialist Operations Income is showing a net £6k underachievement of income target. Income for the British Grand Prix is £48k below the budgeted income level. Due to the current threat level in the UK it was decided that Police support would once again be provided for the Moto GP at Silverstone and this generated un-expected income of £11k. Policing of Northampton Town Football Club has so far this year generated additional income of £29k for the Force. Policing of the BTCC at Rockingham has provided an income of £2k.
- 3) The Force Control Room is predicted to overspend by £72k. £92k of this is due to an over establishment of staff and additional overtime of £16k to meet demand and maintain performance level. These are off-set by an overachievement of vehicle recovery income of £33k and some other small underspends totalling £3k.
- 4) Justice Department – a £13k underspend is due to interpreters fees costing £11k less than budget and an overachievement of income from holding immigration detainees of £2k.
- 5) Prevention and Community Protection is forecast to underspend by £46k. The Buddi tags contract has now ceased, with the replacement contract providing a saving of £30k. A delay in the start of the Chimp Management Ltd contract has saved a further £30k. The high cost of stray horses and maternity cover partly off-set these overspends by £14k.
- 6) Safer Roads Team – balanced budget.

- 7) Professional Standards Department is forecast to underspend by £170k, which is due to future staff change proposals (a £147k saving), additional income generation and delays in filling vacancies in the Information Unit.

#### Transformation Programme – overspend £298k

The projected £298k overspend is due to:

- 1) Specials and Volunteers is forecast to underspend by £131k as a result of training costs and a reduction in planned mileage following the slowing of recruitment.
- 2) Cadets and Business Intelligence both are balanced budgets.
- 3) The overall forecast overspend of £429k within Transformation Programme, SDM and Niche represent the additional cost of the Change Programme and the revenue implications from the Niche team returning to business as usual from capital projects. Following an overarching business case, the appropriate costs will be considered within the 2018/19 MTFP.

#### Business Support departments – underspend £(416)k

The projected £416k underspend is due to:

- 1) Corporate Services is showing a projected overspend of £213k, which includes temporary staff posts relating to Operation Evolution staff of £104k and minor works costs that cannot be capitalised.
- 2) CDD are showing an underspend of £124k as a result of vacancies totalling £55k, a saving on software license of £22k, additional income received of £25k and a total conference and training underspend of £22k.
- 3) Planning Department – balanced budget.
- 4) News & Communications is forecast to underspend by £83k. £38k of this is due to an underspend against the marketing budget. £44k relates to a new temporary agreement for NFRS to part fund a post, with a remaining slight underspend on standby allowance.
- 5) Executive Support is forecast to overspend by £72k. Two new posts have been agreed during the year – a Wellbeing post at a cost this year of £26k and a Positive Action Officer at cost this year of £36k. Additionally there has been a £10k increase in NABIS fees.
- 6) Information Services Department – a slight underspend of £6k.
- 7) Human Resources are projected to overspend by £109k as a result of planned expenditure on external training. Any slippage in the programme will improve this financial position but this will impact on the ability of the Force to deliver required training.
- 8) Procurement is expected to underspend as a result of efficiencies within Stores, which has improved our reuse of uniforms and created a £12k one-off efficiency.
- 9) Design and Print are forecast to miss their income target by £5k for recharged printing services.
- 10) Financial Services is predicted to underspend by £123k as a result of a vacant post (£77k), the part year effect of a fixed term contract being ended (£15k), the finalisation of software costs relating to old systems (£18k) and reduced professional services costs (£13k).



11) Estates and Facilities is forecast to underspend by £377k. There is significant underspend on salary costs totalling £140k and building maintenance resulting from the delayed estates strategy decisions totalling £237k.

12) Transport is forecast to underspend by £91k. There are forecast overspends on staff pay of £24k, and maintenance of £129k, off-set by expected underspends on fuel of £173k and centralised supplies and services of £71k.

### **Regional Collaboration – overspend £224k**

The projected £224k overspend is due to:

- 1) EMOpSS – a net £209k overspend  
There are forecast overspends on overtime of £175k, maintenance equipment of £36k, additional Taser costs of £21k, stationery and office consumables of £21k, year 2 of agile working agreement £17k, ammunition of £14k, subsistence of £11k and miscellaneous smaller spends amounting to £13k. This is off-set by forecast underspends in relation to CBRN equipment of £49k and training of £40k. At the end of the financial year, we are currently expecting to receive £10k back from the region as a result of spending more than our percentage share of the collaboration costs.
- 2) Forensic Investigation is forecasting an underspend of £45k due to vacant posts that will not be filled during the remainder of the year.
- 3) Regional Operational Collaboration is forecast to overspend by £68k and this primarily due to a decrease in the level of recharge to the region as a result of Officers returning to Force. Vacancies have been held within Police Pay base budget to cover this shortfall.
- 4) Regional Support Collaboration £2k overspend.
- 5) Tri-Force Collaboration is forecast to underspend by £19k as a result of vacancies within the management team.
- 6) The Multi Force Shared Service (MFSS) is forecast to overspend by £9k, as a direct result of the agreed change to the method of cost allocation. This is now based on overall head count rather than FTE which aligns to the actual license requirement.

### **Capital**

The 2017/18 Capital Programme is £88,955k. Changes with the Tri Force collaboration are having an impact on the capital assumptions, which will be refined within the next quarter. The plans for the Northampton HQ and the overall Estates Master plan are in the process of being published, following this and the formal design phase, all estimates will be updated.

	Programme Budget £'000	Spend to Date £'000	Balance Outstanding £'000
Change Programme	1,990	346	1,644
Estates	4,780	228	4,552
Information Technology	9,332	6,643	2,689
Vehicle Fleet	1,411	802	609
Other	982	97	885
	<b>18,495</b>	<b>8,116</b>	<b>10,379</b>

### **Conclusion**

The projected revenue and capital outturns will change during the remainder of the financial year as a consequence of unforeseen pressures and/or savings opportunities arising. These will continue to be monitored closely on a monthly basis. Details of the capital programme and funding of can be found in the table below:

CAPITAL PROGRAMME										
	Total Schem £000	Prior Yr Exp £000	Budget 17/18 + slip £000	Actuals 17/18 £000	Forecast Total 17/18 £000	Estimate	Estimate	Estimate	Estimate	Estimate
						2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
<b>Change Programme</b>										
<b>Transformation Investment</b>										
Interoperability Programme	1,971	1,269	74	12	74	628				
Agile Working	4,032	875	1,372	166	1,344	650	607	528		
Criminal Justice-Interoperable CJ NICHE	4,331	3,796	505	168	454	30				
<b>Regional Collaboration</b>										
Legacy - IT	133	94	39		14					
<b>TOTAL CHANGE PROGRAMME</b>	<b>10,467</b>	<b>6,034</b>	<b>1,990</b>	<b>346</b>	<b>1,886</b>	<b>1,308</b>	<b>607</b>	<b>528</b>	<b>0</b>	<b>0</b>
<b>Information Services</b>										
IT Replacement (Computer, Phone, Photocopier & Infrastructure (Servers & Storage))	7,971	1,991	1,786	147	1,786	778	980	798	812	826
<b>Information Services</b>										
Emergency Services Network (Airwaves replacement)	3,624	91	249	5	249	250	3,034			
Business Intelligence	284	232	52	4	52					
Tri Force Regional IT Transformation Fund Match Fund	1,793		1,793		1,793					
Fusion (Oracle re-implementation)	1,200		900	72	900	300				
	<b>14,872</b>	<b>2,314</b>	<b>4,780</b>	<b>228</b>	<b>4,780</b>	<b>1,328</b>	<b>4,014</b>	<b>798</b>	<b>812</b>	<b>826</b>
<b>Property</b>										
21st Century Estate (NAH)	21,608	15,132	6,145	6,099	6,468	331				
Learning and Development Centre (LDC)				14	14					
Accessibility Fund	150		25		25	25	25	25	25	25
Property Enhancements	1,715		265		256	300	300	300	300	250
Radio Mast	85		70		70		15			
Criminal Justice Centre	45	28	17		32					
Criminal Justice Centre (Cooling)	350					200	150			
Op EVO Original Budget	77			74	77					
New Estates Strategy 2017-18 (Op EVO)	3,523		1,600	456	830	2,000				
Northampton Headquarters (including Training facility)	18,419		1,210			10,426	6,639	144		
Weston Favell Refurbishment (no extension)	1,500						1,500			
Firearms Range	1,700					500	1,200			
Campbell Square	750						750			
Salthouse Road	250						250			
Wellingborough	250					250				
Daventry	250						250			
Towcester Road	100						100			
Other Required Investment - Estates Plan	747							747		
	<b>51,519</b>	<b>15,160</b>	<b>9,332</b>	<b>6,643</b>	<b>7,772</b>	<b>14,032</b>	<b>11,179</b>	<b>1,216</b>	<b>325</b>	<b>275</b>
<b>Vehicles</b>										
Vehicle Purchases	7,704	995	1,279	802	1,279	1,083	1,086	1,083	1,121	1,057
SRT Vehicles	462		132	0	66	66	66	66	66	66
<b>Operational Equipment</b>										
ANPR Equipment programme (RCU)	468	99	60	49	60	60	61	62	63	63
Procurement of Body Worn Video	1,364	643	107	18	51	92	261	87	87	87
Taser Uplift (Force)	192	2	95	30	148					95
Firearms Body Worn Video	152		76	0	76			76		
<b>Potential Budgets for reallocation or removal</b>										
Digital Recording	179	67	112							
Payroll*	620	443	177							
Organisational Development	232	171	61							
Tri Force (Strategic Alliance) (PBS)	724	430	294							
<b>TOTAL OTHER SCHEMES</b>	<b>12,097</b>	<b>2,850</b>	<b>2,393</b>	<b>899</b>	<b>1,680</b>	<b>1,301</b>	<b>1,474</b>	<b>1,374</b>	<b>1,337</b>	<b>1,368</b>
<b>TOTAL</b>	<b>88,955</b>	<b>26,358</b>	<b>18,495</b>	<b>8,116</b>	<b>16,118</b>	<b>17,969</b>	<b>17,274</b>	<b>3,916</b>	<b>2,474</b>	<b>2,469</b>

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
<b>Grant</b>	424	424	424	424	424	424	2,544
<b>Borrowing Requirement</b>	<b>13,797</b>	<b>15,444</b>	<b>12,902</b>	<b>2,774</b>	<b>2,050</b>	<b>381</b>	47,348
<b>Capital Receipts-Property</b>	0	2,001	3,290	718	0	1,664	7,673
<b>Funded by long term Dilapidations Provision</b>			615				615
<b>Reserves</b>	1,897	100	43	0	0	0	2,040
<b>Capital Financing</b>		0	0	0	0	0	0
<b>Total Funding</b>	<b>16,118</b>	<b>17,969</b>	<b>17,274</b>	<b>3,916</b>	<b>2,474</b>	<b>2,469</b>	<b>60,220</b>

## MANAGING FINANCE GROUP - Revenue Outturn Forecast as at September 2017

Department	Cash Limit 2017/18 £000 (1)	Profiled Cash Limit 2017/18 £000 (2)	Expenditure To Date 2017/18 £000 (3)	(Under) Overspend 2017/18 £000 (4)	Perf.	Forecast Variance P06 £000 (5)	Perf.
<b>POLICE OFFICERS &amp; PCSOs*</b>							
Police Pay	50,935	25,595	24,867	(728)	●	222	●
Seconded Officers	0	0	57	57	●	0	●
PCSOS	3,195	1,633	1,480	(153)	●	(80)	●
SDM	1,004	287	58	(229)	●	18	●
Police Pensions	11,261	7,136	5,631	(1,506)	●	0	●
<b>Total Police Officers &amp; PCSOs</b>	<b>66,395</b>	<b>34,651</b>	<b>32,093</b>	<b>(2,559)</b>		<b>160</b>	
<b>CRIME &amp; LOCAL POLICING*</b>							
Crime & Local Policing Command	714	357	304	(53)	●	(60)	●
County Supt Command	427	214	170	(44)	●	19	●
Northampton Supt Command	315	157	232	75	●	178	●
Investigation Department	2,182	1,088	1,080	(8)	●	28	●
Intelligence Directorate	4,039	1,962	2,074	112	●	82	●
Operations Contingency	571	285	124	(161)	●	(154)	●
<b>Total Crime &amp; Local Policing</b>	<b>8,248</b>	<b>4,063</b>	<b>3,984</b>	<b>(79)</b>		<b>93</b>	
<b>OPERATIONAL SUPPORT*</b>							
Operational Support Command	37	19	10	(9)	●	7	●
Specialist Operations - Income	(25)	(12)	(49)	(37)	●	6	●
Force Control Room	4,718	2,326	2,323	(3)	●	72	●
Justice Department	4,484	2,243	2,327	84	●	(13)	●
Prevention and Community Protection	769	385	341	(44)	●	(46)	●
Safer Roads Team	(33)	(17)	(15)	2	●	0	●
Professional Standards Dept	873	437	374	(63)	●	(170)	●
<b>Total Operational Support</b>	<b>10,823</b>	<b>5,381</b>	<b>5,311</b>	<b>(70)</b>		<b>(144)</b>	
<b>TRANSFORMATION PROGRAMME*</b>							
Specials & Volunteers	499	504	304	(200)	●	(131)	●
Cadets	120	0	(73)	(73)	●	0	●
Transformation Programme	421	17	130	113	●	132	●
Service Delivery	0	0	54	54	●	92	●
Business Intelligence	0	0	0	0	●	0	●
Niche	173	87	261	174	●	205	●
<b>Total Transformation Programme</b>	<b>1,213</b>	<b>608</b>	<b>676</b>	<b>68</b>		<b>298</b>	
<b>BUSINESS SUPPORT</b>							
Corporate Services	54	27	142	115	●	213	●
Corporate Development Dept	515	257	210	(47)	●	(124)	●
Planning Department	471	235	268	33	●	1	●
News & Communications	444	222	148	(74)	●	(83)	●
Executive Support	329	144	214	70	●	72	●
Information Services Department	5,989	2,904	3,061	157	●	(6)	●
Human Resources	1,628	756	779	23	●	109	●
Procurement Department	437	219	159	(60)	●	(12)	●
Design & Print	1	1	3	2	●	5	●
Financial Services Department	882	495	449	(46)	●	(123)	●
Estates and Facilities	5,423	3,000	3,215	215	●	(377)	●
Transport Dept	2,590	1,289	1,233	(56)	●	(91)	●
<b>Total Business Support</b>	<b>18,763</b>	<b>9,549</b>	<b>9,881</b>	<b>332</b>		<b>(416)</b>	
<b>Total - Devolved Budgets</b>	<b>105,442</b>	<b>54,252</b>	<b>51,945</b>	<b>(2,308)</b>		<b>(9)</b>	
<b>COLLABORATION &amp; REGIONAL</b>							
Specialist Operations	651	325	376	51	●	209	●
Forensic Investigation	2,310	1,155	699	(456)	●	(45)	●
Regional Operational Collaboration	2,322	1,161	1,191	30	●	68	●
Regional Support Collaboration	970	485	577	92	●	2	●
Tri-Force Collaboration	216	160	2	(158)	●	(19)	●
Multi Force Shared Service	1,203	551	1,265	714	●	9	●
<b>Total Collaboration &amp; Regional Budget</b>	<b>7,672</b>	<b>3,837</b>	<b>4,110</b>	<b>273</b>		<b>224</b>	
<b>Other Non-Devolved Budgets</b>							
Other Non-Devolved Budgets	463	217	(99)	(316)	●	(146)	●
Redundancy resulting from Restructuring	0	0	0	0	●	0	●
Levies	1,220	649	261	(388)	●	(84)	●
Legal Expenses	402	201	116	(85)	●	0	●
External Interest Payable	63	318	31	(287)	●	0	●
External Interest Receivable	(59)	(29)	(4)	25	●	25	●
Insurance Account	275	137	266	129	●	0	●
Budgets Returned to Centre	12	50	0	(50)	●	0	●
Unallocated Growth Bids	0	966	0	(966)	●	0	●
Pay & Prices	28	120	0	(120)	●	0	●
Savings Target	153	133	0	(133)	●	0	●
MRP & Gains and Losses	0	219	0	(219)	●	0	●
Budget Transfer to RCCO	0	0	0	0	●	0	●
Revenue Contribution to Capital	0	0	0	0	●	0	●
Specific Govt Grants	0	0	0	0	●	0	●
<b>Total Other</b>	<b>2,557</b>	<b>2,981</b>	<b>571</b>	<b>(2,410)</b>		<b>(205)</b>	
<b>Total for Managing Finance</b>	<b>115,671</b>	<b>61,070</b>	<b>56,626</b>	<b>(4,445)</b>		<b>10</b>	

\* Please note as SDM became operational in 30 October and as such this report reflect the position prior to SDM go live  
The October report will follow the revised SDM format and consequential changes to budget structures



Office of the Police & Crime Commissioner for Northamptonshire and  
Northamptonshire Police

Internal Audit Progress Report 2017/18

November 2017

Presented to the Joint Independent Audit Committee meeting of: 4<sup>th</sup> December 2017

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- 02 Summary and conclusions from Internal Audit work to date
- 03 Performance

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- A4 Contact Details
- A5 Statement of Responsibility

## 01 Introduction

- 1.1 The purpose of this report is to update the Joint Independent Audit Committee (JIAC) as to the progress in respect of the 2017/18 Internal Audit Plan which was considered by the JIAC at its meeting on 19<sup>th</sup> June 2017.
- 1.2 The Police and Crime Commissioner and Chief Constable are responsible for ensuring that the organisations have proper internal control and management systems in place. In order to do this, they must obtain assurance on the effectiveness of those systems throughout the year, and are required to make a statement on the effectiveness of internal control within their annual report and financial statements.
- 1.3 Internal audit provides the Police and Crime Commissioner and Chief Constable with an independent and objective opinion on governance, risk management and internal control and their effectiveness in achieving the organisation's agreed objectives. Internal audit also has an independent and objective advisory role to help line managers improve governance, risk management and internal control. The work of internal audit, culminating in our annual opinion, forms a part of the OPCC and Force's overall assurance framework and assists in preparing an informed statement on internal control.
- 1.4 Responsibility for a sound system of internal control rests with the Police and Crime Commissioner and Chief Constable and work performed by internal audit should not be relied upon to identify all weaknesses which exist or all improvements which may be made. Effective implementation of our recommendations makes an important contribution to the maintenance of reliable systems of internal control and governance.
- 1.5 Internal audit should not be relied upon to identify fraud or irregularity, although our procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control will not necessarily be an effective safeguard against collusive fraud.
- 1.6 Our work is delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

## 02 Summary of internal audit work to date

- 2.1 We have issued two draft reports in respect of the 2017/18 plan since the last progress report to the JIAC. These were in respect of the Core Financial Systems and Procurement Follow-up where we await responses and the final reports will be issued shortly. Further details are provided in Appendix 1.

Northamptonshire 2017/18 Audits	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
Audit Committee Effectiveness	Final	N/A <sup>1</sup>		7	4	11
Seized Property	Final	Limited	4	4		8
Victims Code of Practice	Final	Satisfactory		5	1	6
Fleet Management	Final	Satisfactory		4		4
Core Financial Systems	Draft					
Procurement Follow-up	Draft					
<b>Total</b>			<b>4</b>	<b>20</b>	<b>5</b>	<b>29</b>

<sup>1</sup> Audit Committee Effectiveness – this audit aimed to assess the JIAC against best practice, such as the principles set out in the National Audit Offices (NAO's) good practice guide 'The Audit Committee Self-Assessment Checklist, 2012'. The objective of the audit was therefore to provide an action plan of areas to consider for driving best practice and not to provide an opinion on the adequacy and effectiveness of controls.

- 2.2 The audit of Financial Planning has recently been completed and is currently being reviewed prior to issue of the draft report. Fieldwork in respect of Data Quality and Counter Fraud are in progress, whilst we are in the process of agreeing the scope for a couple of quarter four audits, Estates Management and Crime Management Process. The audit of IT Strategy, which was originally planned for quarter 3 and was intended to encompass Nottinghamshire and Leicestershire as well, has been differed to quarter four following management's request to allow time for each force to reassess its IT arrangements. Further details are provided within Appendix A2.

2.3 Similarly to 2016/17, five specific areas have been identified in terms of the collaborative audits for 2017/18 and a lead officer (OPCC CFO) has been identified as a single point of contact. Four of the audits will adopt a similar scope to that of the 2016/17 audits and will look at the business plan and S22 agreement in terms of whether it is being delivered and is fit for purpose going forward; the scope will also include value for money considerations and arrangements for managing risk. The four areas of collaboration that will form the focus of these initial reviews are:

- EMCHRS Learning & Development
- EMCHRS Occupational Health
- EMSOU Forensic Services
- Criminal Justice (EMCJS)

The fifth audit within the Collaboration plan relates to the Proceeds of Crime Act (POCA) and will review the arrangements in place across the region to manage cash and property seizures.

2.4 At the time of writing, we have issued three final reports, these being in respect of EMCHRS Learning & Development, EMCHRS Occupational Health and EMSOU Forensic Services. Further details are provided in Appendix 1.

Collaboration Audits 2017/18	Status	Assurance Opinion	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total
EMCHRS Learning & Development <sup>1</sup>	Final	Satisfactory		2	3	5
EMSOU Forensic Services <sup>1</sup>	Final	Significant			3	3
EMCHRS Occupational Health <sup>1</sup>	Final	Substantial			3	3
<b>Total</b>			-	2	9	11

<sup>1</sup>Denotes those collaborative arrangements which Northamptonshire are a part of.



## 03 Performance

3.1 The following table details the Internal Audit Service performance for the year to date measured against the key performance indicators that were set out within Audit Charter.

No	Indicator	Criteria	Performance
1	Annual report provided to the JIAC	As agreed with the Client Officer	N/A
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	Achieved
3	Progress report to the JIAC	7 working days prior to meeting.	Achieved
4	Issue of draft report	Within 10 working days of completion of final exit meeting.	100% (6/6)
5	Issue of final report	Within 5 working days of agreement of responses.	100% (4/4)
6	Follow-up of priority one recommendations	90% within four months. 100% within six months.	Achieved
7	Follow-up of other recommendations	100% within 12 months of date of final report.	N/A
8	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork.	100% (9/9)
9	Customer satisfaction (measured by survey)	85% average satisfactory or above	100% (1/1)

## Appendix A1 – Summary of Reports 2017/18

Below we provide brief outlines of the work carried out, a summary of our key findings raised and the assurance opinions given in respect of the final reports issued since the last progress report:

### EMCHRS – Learning & Development

<b>Assurance Opinion</b>	Satisfactory
<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	2
Priority 3 (Housekeeping)	3

The East Midlands Collaborative Human Resources Service – Learning and Development (EMCHRS-L&D) unit is a four force collaboration between Derbyshire, Leicestershire, Northamptonshire and Nottinghamshire Police. Our audit considered the risks relating to the following areas under review:

- A Section 22 agreement is in place that clearly sets out the decision making and governance framework that is in place;
- A clearly defined Business Plan is in place that sets out the statutory duties, objectives and the key performance indicators for the services to be provided;
- The Business Plan is set in line with the Section 22 agreement and it is regularly reviewed to ensure it remains 'fit for purpose';
- There are effective reporting processes in place to provide assurances to the Forces on the performance of the unit;
- Value for money considerations are regularly reviewed and reported to the Forces; and
- The unit has procedures in place to ensure that risks are identified, assessed recorded and managed appropriately.

We raised two significant (priority 2) recommendations where felt that the control environment could be improved. These related to the following:

- EMCHRS L&D should agree Terms of Reference for the Senior Management Team to clearly state their roles and responsibilities. These should include, but not be limited to:
  - Purpose
  - Scope
  - Membership
  - Decision making authority
  - Reporting Requirements
  - Frequency of meetings
  - Review
- The unit should ensure that external contractors have a valid contact and that a process is put in place to ensure that contracts are renewed in a timely manner.

We also raised three priority 3 recommendations of a more housekeeping nature. These were in respect of policies and procedures, review of strategy and risks management.

Management have confirmed that agreed actions have either been implemented or will be actioned by the end of November 2017.

### East Midlands Special Operations Unit (EMSOU) – Forensic Services

<b>Assurance Opinion</b>	<b>Significant</b>
<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	3

The East Midlands Specials Operations Unit – Forensic Services (EMSOU-FS) unit is a five force collaboration between Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire Police. The Collaboration Unit formed as a five Force collaboration in March 2014 when the five forces agreed to progress with a regional approach to forensic services.

EMSOU-FS aims to provide a quality assured forensic science and investigation service to the police forces of Derbyshire, Lincolnshire, Nottinghamshire, Leicestershire and Northamptonshire, with the strategic objective of supporting the efficient and effective investigation of crimes and incidents by these Forces in accordance with their statutory and common law responsibilities.

The Unit provides various forensic services, such as:

- Fingerprint Bureau;
- Forensic Analytical Services Team;
- Forensic Case Management;
- Crime Scene Investigation and Digital Forensic

Our audit considered the following risks relating to the area under review:

- A Section 22 agreement is in place that clearly sets out the decision making and governance framework that is in place;
- A clearly defined Business Plan is in place that sets out the statutory duties, objectives and the key performance indicators for the services to be provided;
- The Business Plan is set in line with the Section 22 agreement and it is regularly reviewed to ensure it remains ‘fit for purpose’;
- There are effective reporting processes in place to provide assurances to the Forces on the performance of the unit;
- Value for money considerations are regularly reviewed and reported to the Forces; and
- The unit has procedures in place to ensure that risks are identified, assessed recorded and managed appropriately.

We raised three priority 3 recommendations of a housekeeping nature. These were in respect of the following:

- The updated Section 22 agreement should be circulated and signed off by the five PCC's and CC's in a timely manner to ensure a clear agreement is established.

EMSOU-FS should agree Terms of Reference for the Managers Network. Operations and Centre groups. This should ensure they are aligned to the governance structure of the unit and that there is no duplication in the issues discussed at the governance groups across the unit.

- The overdue reviews should be carried out and the unit should consider putting a process in place to ensure that annual reviews of policies and procedures are undertaken in a timely manner.
- The Unit should consider putting a Risk Management Policy in place to formally document their existing system for managing risk.

Management confirmed that these recommendations will be actioned by April 2018.

### EMCHRS – Occupational Health

<b>Assurance Opinion</b>	<b>Significant</b>
<b>Recommendation Priorities</b>	
Priority 1 (Fundamental)	-
Priority 2 (Significant)	-
Priority 3 (Housekeeping)	3

The East Midlands Specials Operations Unit – Forensic Services (EMSOU-FS) unit is a five force collaboration between Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire Police. The Collaboration Unit formed as a five Force collaboration during 2012/13 when each force agreed to progress with a regional approach to occupational health.

The Occupational Health Unit aims to support each regional force through the delivery of a number of services including:

- Medical requirements for recruits;
- Health Screening / Health Surveillance;
- Occupational Vaccinations;
- Professional Support; and
- Incident Support – post incidents, follow up, advice and guidance.

Our audit considered the following risks relating to the area under review:

- A Section 22 agreement is in place that clearly sets out the decision making and governance framework that is in place;
- A clearly defined Business Plan is in place that sets out the statutory duties, objectives and the key performance indicators for the services to be provided;

- The Business Plan is set in line with the Section 22 agreement and it is regularly reviewed to ensure it remains 'fit for purpose';
- There are effective reporting processes in place to provide assurances to the Forces on the performance of the unit;
- Value for money considerations are regularly reviewed and reported to the Forces; and
- The unit has procedures in place to ensure that risks are identified, assessed recorded and managed appropriately.

We raised three priority 3 recommendations of a housekeeping nature. These were in respect of the following:

- The terms of reference for the SLT and Client Liaison Group should be updated to ensure consistency in the governance structure. These should include, but not be limited to:
  - Purpose
  - Scope
  - Membership
  - Decision making authority
  - Reporting Requirements
  - Frequency of meetings
  - Review
- The Unit should review and update the Risk Management Policy to ensure it matches their current needs and approach to managing risks.
- The Unit should review the performance data included within the performance pack that is presented to the Board each quarter

Management confirmed that these recommendations will be actioned by January 2018.

## Appendix A2 Internal Audit Plan 2017/18

Auditable Area	Planned Fieldwork Date	Actual Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
<b>Core Assurance</b>						
Core Financial Systems	Oct 2017	Oct 2017	Nov 2017		Dec 2017	Draft report issued.
Audit Committee Effectiveness	April 2017	April 2017	May 2017	June 2017	June 2017	Final report issued.
Procurement Follow-up	Sept 2017	Sept 2017	Oct 2017		Dec 2017	Draft report issued.
<b>Strategic &amp; Operational Risk</b>						
Information Technology Strategy	Oct 2017				Dec 2017	Audit deferred to Q4 following request.
Data Quality	Nov 2017	Nov 2017			Mar 2018	Work in progress.
Counter Fraud Review	Oct 2017	Oct 2017			Dec 2017	Work in progress.
Financial Planning	Nov 2017	Nov 2017			Dec 2017	F/w completed; being reviewed.
Seized Property	May 2017	May 2017	May 2017	July 2017	June 2017	Final report issued.
Estates Management	Feb 2018				Mar 2018	
Victims Code of Practice	June 2017	June 2017	June 2017	July 2017	Sept 2017	Final report issued.
Crime Management Process	Feb 2018				Mar 2018	
Fleet Management	July 2017	July 2017	July 2017	Aug 2017	Sept 2017	Final report issued.

Auditable Area	Planned Fieldwork Date	Actual Fieldwork Date	Draft Report Date	Final Report Date	Target JIAC	Comments
<b>Collaboration</b>						
EMCHRS Learning & Development	Aug 2017	Aug 2017	Aug 2017	Sept 2017	Dec 2017	Final report issued.
EMCHRS Occupational Health	Oct 2017	Oct 2017	Nov 2017	Nov 2017	Dec 2017	Final report issued.
EMSOU Forensic Services	Sept 2017	Sept 2017	Oct 2017	Oct 2017	Dec 2017	Final report issued.
Criminal Justice (EMCJS)	Dec 2017				Mar 2018	F/w starts 4 <sup>th</sup> Dec.
POCA	Jan 2018				Mar 2018	

## Appendix A3 – Definition of Assurances and Priorities

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
<b>Significant Assurance:</b>	There is a sound system of internal control designed to achieve the Organisation's objectives.	The control processes tested are being consistently applied.
<b>Satisfactory Assurance:</b>	While there is a basically sound system of internal control, there are weaknesses, which put some of the Organisation's objectives at risk.	There is evidence that the level of non-compliance with some of the control processes may put some of the Organisation's objectives at risk.
<b>Limited Assurance:</b>	Weaknesses in the system of internal controls are such as to put the Organisation's objectives at risk.	The level of non-compliance puts the Organisation's objectives at risk.
<b>No Assurance</b>	Control processes are generally weak leaving the processes/systems open to significant error or abuse.	Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Definitions of Recommendations	
Priority	Description
<b>Priority 1 (Fundamental)</b>	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
<b>Priority 2 (Significant)</b>	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
<b>Priority 3 (Housekeeping)</b>	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.



## Appendix A4 - Contact Details

### Contact Details

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## A5 Statement of Responsibility

### **Status of our reports**

*The responsibility for maintaining internal control rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy of the internal control arrangements implemented by management and perform testing on those controls to ensure that they are operating for the period under review. We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone are not a guarantee that fraud, where existing, will be discovered.*

*The contents of this report are confidential and not for distribution to anyone other than the Office of the Police and Crime Commissioner for Northamptonshire and Northamptonshire Police. Disclosure to third parties cannot be made without the prior written consent of Mazars LLP.*

*Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.*



## **Report to the Joint Independent Audit Committee 04 December 2017**

### **Corporate Risk Summary Report**

#### **RECOMMENDATION**

The Committee is asked to note this report.

#### **1 PURPOSE OF THE REPORT**

- 1.1 This report provides the Joint Independent Audit Committee with an update on the status of risks recorded on the Corporate Risk Register.

#### **2 OVERVIEW**

##### **2.1 Corporate Risk Register**

- 2.2 There are currently twenty two risks recorded on the Corporate Risk Register. Twenty risks are 'High' and two are 'Medium'.

The high risks relate to;

- the capacity of the Force to deliver the change programme,
- the systems and controls in place to support the management of detained property,
- the impact of the Bail Act on re-offending and resolution rates,
- failure of the Service Deliver Model to deliver the required level of resources,
- the implementation of the Oracle Fusion system.
- the Force not being compliant with the General Data protection Regulations,
- possible damage to the fibre optic cables during building work related to the new school,
- the 2017/18 funding gap,
- staffing levels in the Corporate Communications department,
- a reduction in force performance levels leading to loss of public confidence,
- insufficient budget to deliver key services,
- the High Tech Crime Unit failing to achieve ISO17025 accreditation,
- an abnormal number of staff leaving the FCR coupled with increased demand affecting the level and quality of service that the FCR can deliver,
- the possible national challenge to the new Police Pensions Scheme at an employment tribunal,
- slippage to the delivery of the Emergency Services Network,
- limited capability to monitor system use,
- staffing levels in the Prisoner Investigation Unit,

- the upload of data from Niche to PND,
- failure of the Multi Force Shared Service to operate within agreed service levels,
- management and control of the e-cins system,

The medium risks relate to;

- the reduction in partners resources meaning that the Force has to perform roles on their behalf,
- the management of digital data.

### **3 STATUS OF RISKS**

#### **3.1 New Risks**

Six new risks have been opened since the last JIAC which relate to:

- The increase in the use of 'Released Under Investigation' following the introduction of the Bail Act.
- The Service Delivery Model not delivering the required levels of resources to effectively respond to and manage incidents and crimes.
- The Force not being compliant with the General Data protection Regulations when it come into effect in May 2018.
- Reduced performance leading to criticism by HMIC and subsequent damage to public confidence,
- Reduced centralised funding, couple with increased demand, meaning that the Force has insufficient budget to deliver its core services.
- The day to day performance of the Multi Force Shared Service falling below agreed service levels.

#### **3.2 Increasing Risks**

No risks have increased since the last JIAC.

#### **3.3 Closed Risks**

Five risks have been closed since the last JIAC which related to:

- The transportation of detained property. This risk has been incorporated into wider risk around the management of detained property.
- Staff attrition as a result of uncertainty over the Strategic Alliance and Service Delivery Model. Attrition levels are now within normal tolerances.
- The quality of data being input into Niche which is now monitored as business as usual.
- The implementation of the changes to the Bail Act which is complete. A new risk has been opened relating to the ongoing impact of the changes.
- Reduced funding for growth, A new risk has been opened on the more general impact of insufficient budgets.

### 3.4 **Decreasing Risks**

Two risks have decreased since the last JIAC which relates to:

- The implementation of the Oracle Fusion system where the employment of Grant Thornton to manage the implementation which has led to an improvement in the governance of the programme.
- The management of the e-cins system where increased control of access to the system has been established along with a revised information sharing agreement.

3.5 The attached Monthly Risk Summary Report shows further details and the current status of all risks recorded on the Corporate Risk Register.

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### **EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS**

None

### **HUMAN RESOURCES IMPLICATIONS**

None

### **RISK MANAGEMENT IMPLICATIONS**

This is the purpose of the report.

### **ENVIRONMENTAL IMPLICATIONS**

None

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Force Risk and Business Continuity Advisor

**Chief Officer Portfolio Holder:** Rachel Swann, Deputy Chief Constable

**Background Papers:** Monthly Risk Summary Report – November  
2017

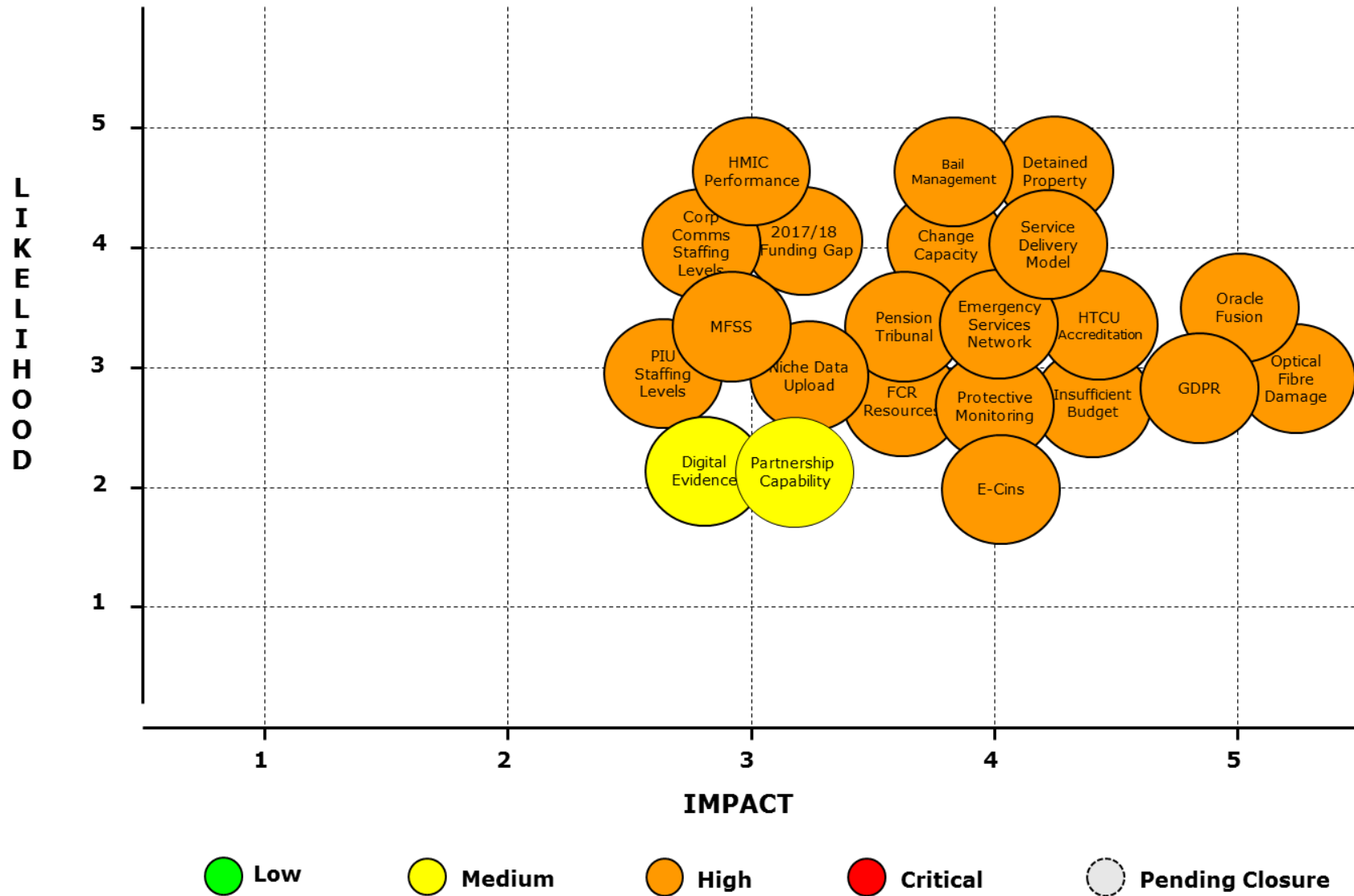


# Risk Management Monthly Summary Report

## November 2017

## Corporate Risk Register

There are currently twenty two risks on the Corporate Risk Register. Twenty of the open risks are 'high' and two are 'medium'.



Summary details are below:-

Risk Ref.	Risk Score	L'hood	Impact	Description	Response Measures	Comments	Status
CR 60	16	4	4	Reduced capacity and/or capability (i.e., financial, etc.) to deliver transformational changes that enable delivery of the force control strategy and the Police and Crime Plan could result in a failure to meet operational or financial targets.	The Change Delivery Team have restructured the programme to maximise efficiency and delivery, while increasing accountability. Some capital funds have been allocated to provide some of the needed resources. Other revenue funding options have been agreed to cover the Business Improvement Team. The SDM Full Business Case has been agreed to improve operation efficiency and effectiveness and there is a desire to proceed with a dynamic review after implementation.	There is a need to consolidate and avoid any non-essential change activity until we have landed SDM, Op Balance, Op Evolution, Oracle Fusion and the Community Safety review.	➔
CR 95	16	4	4	An internal audit of the systems and controls in place to support the management of detained property identified a number of weaknesses that could lead to the loss of items and subsequent operational, financial and reputational impact.	Short term - additional resource for 6 months to address the key issues identified in the audit report. A business case to be produced for consideration by Chief Officers. Communication / training to officers on importance of correct recording and tracking of property on Niche. Long term - A more detailed business case to be prepared to outline a new operating model consistent with that recently introduced at Leicestershire.	Recruitment of the FTC roles is progressing on a staggered basis. 1 has already commenced, 3 more are joining in week commencing 23 October, 1 at the beginning of November and a further 1 at the beginning of December. The property review has been agreed and a meeting held with the Op Evolution team. We are waiting for their report to be completed and the work signed-off and progressed very soon.	➔
CR 97	16	4	4	Following the introduction of the Bail Act in April 2017 the number of detainees released under investigation (RUI) has increased. Failure to effectively manage the RUI's could lead to an increase in re-offending and harm to victims, reduced resolution rates and consequent reduction in public confidence and damage to reputation.	Corporate Performance Team to produce a weekly report of RUI's to be circulated to appropriate managers. EMCJS to conduct an evaluation of the impact of the Bail Act.	Since the introduction of the new bail procedures RUI has been used in over 1000 cases which represents more than 30% of all people arrested in that period. More than half of these are over 90 days old but due to issues in updating records in Niche it is not clear how many of these investigations may be complete.	➔



Risk Ref.	Risk Score	L'hood	Impact	Description	Response Measures	Comments	Status
CR 98	16	4	4	The Service Delivery Model fails to deliver the required level of resources to effectively respond to, and manage, incidents and crime leading to a reduction in performance and damage to public confidence and the forces reputation.	SDM Gold Group established to oversee delivery of the model. Internal and external communications prepared to raise awareness to staff and stakeholders. The SDM Monitoring Framework will provide ongoing assessment of performance and identify where additional demand modelling is required. Review by operational areas after go live to identify and resolve any exceptions.	SDM is a major programme involving the re-organisation of staff in multiple teams and locations. Detailed demand analysis has informed the model and further analysis will continue post implementation. Existing resource shortfalls may impact on the successful implementation of the model.	→
CR 96	15	3	5	The Fusion project (Op Quantum) not delivered within required timescales resulting in financial loss and a loss of operational benefits.	A three month plan has been developed by Grant Thornton to recover the current situation and enable implementation to be achieved within required timescales. The plan outlines the required level of resource and governance arrangements that will be required to successfully implement the project.	Grant Thornton employed by Notts and Northants to PMO the move to Fusion. Northants resources in place and workstreams in force now where they should be. Independent assurance review of MFSS capability and capacity to deliver Fusion carried out by CNC and overall amber grading given. A number of red risks identified which are being managed asap – includes impact on BAU.	↓
CR 99	15	3	5	The Force is not compliant with the General Data Protection Regulations (GDPR) which come into effect from 25 May 2018. This could lead to significant financial penalty, reputational damage, possible adverse publicity and damage to public confidence.	A project team has been established to manage the issues arising from GDPR compliance which has been incorporated into the Data Protection Bill.	The Force is compliant with the Data Protection Act so already has in place effective controls over the management of personal data. Some of the additional requirements of the GDPR will require system and process changes in order to demonstrate compliance.	→
R 81	15	3	5	Building work relating to the new school accommodation at FHQ damages the optic and copper cable link to FHQ causing a loss of key systems.	Risk re-opened following decision to relocate new school to the Mereway site. This will require a further movement of the fibre optic cable to remove the risk of it being damaged during the construction work.	Openreach are currently waiting for consent from the Highways Agency to close the roads to allow the work to commence but dates are not currently known.	→

Risk Ref.	Risk Score	L'hood	Impact	Description	Response Measures	Comments	Status
CR 71	12	4	3	<p>Grant reductions for 2016/17 have been announced at 1.3% with beyond being forecast as 1.3%, however, there is still an unknown top slicing effect at the tail end of the Medium Term Financial Plan (MTFP), which could significantly increase this headline. The cumulative deficit for year 5 of our MTFP ranges from £6-12.2m.</p> <p>Tri-Force enabling services collaboration savings are still being formed up, however, investment costs are likely to delay benefits, which puts pressure on revenue budgets until then through capital charges.</p>	<p>Longer Term decisions are currently being reviewed to provide an affordable Organisational Design. The Tri Force enabling services collaboration should mitigate the impact in terms of consolidation, efficiency and integration opportunities.</p>	<p>Options for Officers and Staff through phases 1 and 2 of SDM need to be considered based on a proper consideration of threat, harm and risk, activity and demand analysis.</p> <p>With lead times and the scale of the changes required, it is likely that permanent savings needed for the tail end of the MTFP are unlikely to be identified through the first phases of the SDM project.</p>	→
CR 94	12	4	3	<p>A reduction in staffing levels in the Corporate Communications Department coupled with increased demand makes it difficult to manage workload leading to increased pressure on remaining staff and a deterioration of service.</p>	<p>Undertake a review/restructure of the department to fully understand demand and required resources.</p>	<p>A review of the News and Communications function has been undertaken and a business case is being prepared for the Change Board on 14 November.</p>	→
CR 102	12	4	3	<p>Reduction in Force performance leads to criticism by the HMIC affecting public confidence and the reputation of the Force.</p>	<p>A Gold Group has been established to manage Areas for Improvement identified by HMIC.</p>	<p>Early indications from the 2017 Effectiveness inspection suggest that the Force will be criticised in several areas of performance.</p>	→

Risk Ref.	Risk Score	L'hood	Impact	Description	Response Measures	Comments	Status
R 100	12	3	4	The reduction in centralised funding coupled with an unexpected increase in demand on resources leads to the Force having insufficient funds to be able to deliver all of its key services resulting in a reduction in performance, loss of public confidence and possible reputational damage.	The force has a medium term financial plan to deliver a balanced budget. The Service Delivery Model is restructuring the force to deliver services in the most efficient way. Op Balance has been established to ensure the most cost effective use of resources across the Force.	Grant reductions beyond 17 are forecast as 1.3%, however, there is still an unknown top slicing effect at the tail end of the Medium Term Financial Plan (MTFP), which could significantly increase this headline. The cumulative deficit for year 5 of our MTFP ranges from £6-12.2m. The Government has recently announced a 1% pay award for police officers, with a further 1% bonus payment which will need to be funded from existing budgets.	➔

Risk Ref.	Risk Score	L'hood	Impact	Description	Response Measures	Comments	Status
CR 80	12	3	4	The Hi Tech Crime Unit fails to achieve ISO17025 accreditation by UKAS resulting in them possibly not being able to present evidence in court as experts leading to potential failure of prosecutions and associated risk of continued offending and reputational damage to the force and loss of public confidence.	Regional solutions are being developed for the legal entity and a quality management framework but it is not known at this stage whether these will be accepted by the accreditation body.	UKAS' first inspection is scheduled for 16th-18th October with a view to actions arising from their visit to be completed by January 2018 and Accreditation Grant February 2018 This will be for computer devices only. EMSOU have agreed a November 2017 deadline for Northants to submit our AC4 for mobile phones, however it is unlikely we will meet this deadline given the timing of the UKAS visit and our need to concentrate on the actions arising from it to secure our Accreditation Grant. The Forensic Science Regulator (FSR) is currently working with the Justice Sector to enforce a 'non-compliance' opening caption to all digital forensic MG11s and technical reports. This in effect will highlight as the first part of our evidence that we are not compliant with the Accreditation standards and / or the FSR Codes. Regionally no one will be compliant with the FSR Codes and therefore, even if UKAS have Accredited certain aspects of our work, everyone will have to say they are not complaint with FSR Codes. This could impact on the evidence in every one of the cases with a digital element and could result in increased failed convictions. Regional Leads will be liaising with the Head of EMCJS to identify options to rebut these attempts and to prepare CPS for the legal challenges that may arise should our non-compliance be identified in this manner	→

Risk Ref.	Risk Score	L'hood	Impact	Description	Response Measures	Comments	Status
CR 83	12	3	4	An abnormal number of staff leaving the FCR, coupled with increased seasonal demand and overspill demand from Leicestershire potentially resulting in insufficient capacity within the FCR to be able to effectively manage the call volumes being received. This could lead to a reduction in the level and quality of service provided to the public.	Bring the next intake of staff forward from October to August and fast track candidates currently going through the application process. Run a further recruitment drive in October. Approach Specials to identify any volunteers who might work in the FCR.	The risk is more valid now than ever before. Staff have been lost to the regulars in July and August meaning 10 have left in a short space of time. Recruitment intakes have continued but the numbers have barely kept up with attrition. We are currently going to run slightly under establishment in August until the next intake and although measures have been put in place to minimise this (using overtime where possible) with the introduction of new roles under the SDM it is likely to attract further staff from the FCR.	➔
CR 85	12	3	4	Following the introduction of the new Police Pensions Scheme in April 2015 a number of officers are pursuing claims in a national challenge at an employment tribunal on the grounds of discrimination. If successful the Force could face compensation payments and adverse publicity and damage to reputation	Legal services are providing a regional lead for the responses to this national action. Thus providing a co-ordinated single point of contact for all forces and responses. Leigh Day have already lodged several thousand claims on behalf of officers from across the country. A final batch of claims will be submitted in spring 2017. There is a desire to hear 8 test cases drawn from 12 forces from around the country and there is an expectation that one of the test cases may be from the East Midlands forces. Northants have volunteered to be a test case but it is not known yet whether we will be selected. EMPLS will be responsible for the legal work and costs will be shared between all 43 forces.	Following the decision in favour of the judges in January a decision has now been made in the firefighters case with the outcome being that the claims against the Fire Authority all failed. This is great news for the Forces as we are now entering into our proceedings with a Judgement that supports our position. We still await a detailed advice note from counsel.	➔
CR 88	12	3	4	Slippage to the delivery of the Emergency Services Network (ESN) means that the Force will not be able to transition to the new service within the anticipated timescales leading to a significant financial impact in terms of the ongoing costs of extending the use of Airwave and the failure to realise anticipated benefits from ESN.	Ongoing work with the regional co-ordination team and the Home Office to monitor and understand the impact of slippages.  Lobby the Home Office to ensure that adequate coverage exists before migration to ESN.  Monitor and renew Airwave contracts within timescales.	The overall status of the Regional Programme is "Amber - Some Concern". Progress being made where possible but still a lack of information from the National Programme around key dates and milestones. Clarity is also sought as to who is liable for increased costs due to delays.	➔

Risk Ref.	Risk Score	L'hood	Impact	Description	Response Measures	Comments	Status
CR 49	12	3	4	Limited capability to monitor systems use increases risk of misuse and potential reputational damage and loss of public confidence.	Introduce protective monitoring software to allow system use to be effectively and consistently monitored and audited.	We have submitted a request for quote, and received two tender responses from vendors within the GMP framework, they have also both been to Northants for presentations. We have marked the two tenders and are expecting to award the successful vendor by mid-October. We are just reviewing a few technical points.	→
CR 93	9	3	3	A combination of decreased staffing levels and increased workload in the Prisoner Investigation Unit is making it difficult to manage caseloads leading to increased staff sickness and absence and a deterioration in service.	A review of staffing and workloads has been undertaken and meetings held with relevant departments to identify immediate solutions. Gold Group has been formed to resolve crisis level staffing. An action plan has been created identifying short and medium term actions. Financial approval has been given for recruitment of 25 additional LIO's, 6 Safeguarding Officers, 1 Risk Management Officer and 12 FTE equivalent of zero hour contract LLIO's to infill prior to the recruitment being fulfilled.	The risk has reduced slightly however the risk will transfer to the newly formed FIT team on 30th Oct when SDM goes live. We have been given some additional resources but will run 10 officers light and several LIO's. This will be managed by the SDM gold. By 20 November we will have most officers but it will be 20 December before we have a full LIO compliment.	↓
CR 91	9	3	3	Crime and Intel data has yet to be uploaded to PND from all five EM forces. There is a risk that officers will not be able to satisfactorily complete searches for historical crime and intel data on nominal records without the data being resident in PND	Information from other EM forces that is not uploaded to PND would still be available from source e.g. Niche, however there is an inconvenience of processing two separate searches and combining the results (e.g. EM data from Niche and other force data from PND). Officers should be aware that all EM data is available from Niche and PND can still be used for acquiring crime and intel of other forces.	The upload of bulk data is complete. The upload of the catch-up data is suspended awaiting a decision from the region on what data is to be included.	→
CR 101	9	3	3	The Multi Force Shared Service (MFSS) function fails to operate within agreed service levels or to a satisfactory standard leading to increased bureaucracy, impaired performance and a reduction in staff morale.	Service level agreements are in place to govern MFSS performance. A gold group has been established to record and manage issues with MFSS performance and to develop continuous improvement.	Business as usual performance of MFSS is constantly below the expected standard with frequent reports of errors or delays in processing transactions.	→

Risk Ref.	Risk Score	L'hood	Impact	Description	Response Measures	Comments	Status
CR 87	8	2	4	The lack of centralised management and control of the ecins system affects the accuracy and integrity of data held on the system leading to possible impact on investigations, non-compliance with regulations and potential reputational damage and loss of public confidence.	Tim Driver has confirmed that through changes to the ISA to confirm that all user organisation are shared Data Controllers, and a rewording of the contract to confirm that Northants Police pay the bill on behalf of all user organisations in the County, it will be sufficient to confirm to the ICO that we are not the system owner, so will not be responsible for all data on the system. So far the ISA has been updated, but the contract is still in progress. The work to design a Programme Manager role is ongoing. The ISD System Admin team taking on responsibility for account management has been agreed and work is ongoing to introduce the arrangements.	The tightening up of who can access ecins, the amendments to the info sharing agreement (that makes each organisation responsible for its use of other agencies' data), the prohibiting of ecins being used instead of NICHE for recording intelligence all combine to reduce the likelihood of there being an occurrence that will cause an impact. Work is ongoing with the Ecins user group to secure the funding for the system manager post.	↓
CR 48	6	2	3	There is lot of complicated evidential data held in a number of different locations and formats with no appropriate policies over use. There is a danger of mis-management of the data which could result in evidential data being compromised or lost. The Force is also in breach of the Data Protection Act due to keeping records beyond the period that we are entitled to.	To have a central repository where all digital data is held and managed appropriately. This will need a policy and procedure document producing.	The regional Digital Evidence Management system is being developed under the EMCJ banner. In parallel to this is the work being undertaken via the change board initiative regarding the management of data collected as part of investigations including mobile phone and computer data.  A solutions architect has been recruited to look at the ongoing management of evidential data and they commence in the role on 1st December 2017. A paper will be taken to the change board in early 2018 making comprehensive recommendations as to how digital evidence is managed in force.	→
CR 59	6	2	3	A reduction in partnership resources due to budgetary constraints means that the Police increasingly have to perform roles on behalf of partners which is diverting resources away from key policing functions.	Negotiation with partners to ensure commitment to providing adequate resources. Regional Service Level Agreement with EMAS to outline the standards and expectations of both services. Executive Group/COG to make decision on the position of the Force in relation to injured persons or transportation of injured persons as a result of EMAS non-attendance at scenes.	This risk is now largely being managed as business as usual and the risk has reduced although some issues remain	↓

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'Status' key - ↓ risk decreasing, → no change, ↑ risk increasing



## INTERNAL AUDIT RECOMMENDATIONS DASHBOARD

### Summary of Audit Progress and Outcomes

#### 2014/15

Audits are graded as Red, Amber, Amber/Green or Green. Some thematic audits are advisory only and not graded. Recommendations are prioritised as High, Medium or Low to reflect the assessment of risk associated with the control weaknesses.

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			High	Medium	Low
Operational Areas – Stock Management – 1.14/15	02 July 2014	Green	0	0	0
Firearms Licensing – 2.14/15	18 August 2014	Green	0	0	2
Medium Term Financial Planning and Budget Setting - 3.14/15	20 November 2014	Green	0	0	1
Risk Management – 4.14/15	02 September 2014	Amber/Green	0	2	6
Estates Strategy / Management 5.14/15	24 November 2014	Amber/Green	0	1	0
Force Control Room Business Continuity 6.14/15	10 December 2014	Amber	0	3	3
Key Financial Controls 7.14/15	05 February 2015	Green	0	1	0
Commissioning – 8.14/15	26 May 2015	Amber	0	2	1
Follow up – 9.14/15 - Draft	12 May 2015	Not graded			
Governance – 10.14/15	20 March 2015	Green	0	1	2
Human Resources – Workforce Strategy – 11.14/15	27 May 2015	Amber/Green	0	3	2
IT Licenses					
Volunteers – Strategy, recruitment and training					
Collaboration – Efficiency Savings Plans					

#### 2015/16

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Risk Management	September 2015	Limited Assurance	2	3	6
Procurement – EMSCU Level Purchases (above £25000)	February 2016	Limited Assurance	2	6	1

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Procurement – Local Level Purchases (below £25000)	February 2016	Satisfactory Assurance			
Detained Cash	February 2016	Limited Assurance	1	5	2
Specials Governance	February 2016	Satisfactory Assurance	0	2	0
Core Financials	March 2016	Limited Assurance	3	5	3
Change Management	May 2016	Not Graded	7 ungraded		

### 2016/17

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
OPCC Victims Code	01 June 2016	Limited Assurance	0	7	3
Complaints Management	June 2016	Satisfactory Assurance	0	2	2
Firearms Licensing	September 2016	Satisfactory Assurance	0	2	1
Financial Planning & Savings Programme	November 2016	Satisfactory Assurance	0	3	1
Code of Corporate Governance	November 2016	Satisfactory Assurance	0	4	3
Procurement Follow Up – EMSCU level purchases > £25k	November 2016	Limited Assurance	2	3	1
Procurement Follow Up – Local level purchases < £25k		Satisfactory Assurance			
Business Continuity	December 2016	Satisfactory Assurance	0	2	3
ICT Review	January 2017	Satisfactory Assurance	0	3	1
Risk Management	February 2017	Satisfactory Assurance	0	5	0

**2017/18**

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Audit Committee Effectiveness	June 2017	Not Rated	0	7	4
Seized Property	July 2017	Limited Assurance	4	4	0
Victims Code of Practice	July 2017	Not Rated	0	5	1
Fleet Management	August 2017	Satisfactory Assurance	0	4	0
Counter Fraud Review					
Data Quality					
Financial Planning					
Procurement Follow-up					
Core Financial Systems					
Information Technology Strategy					
Crime Management Process					
Estates Management					

## OUTSTANDING RECOMMENDATIONS

**Key to Status**



Action completed since last report



Action ongoing



Action outstanding and past its agreed implementation date



Action no longer applicable or superseded by later audit action

**2015/16**

### **Detained Cash – February 2016**

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.4	<p><b>Segregation of Duties for Fingerprints</b> To ensure that there is appropriate overview of the fingerprints process, and in order for there to be more than one officer involved in the entire fingerprints process, a segregation of duties should be present. It was confirmed that one Officer conducts the fingerprints process at Corby Police Station. Appointments are made for the fingerprints and the member of the public will pay on the day their fingerprints are taken. The Officer conducting the process maintains a manual fingerprints register. Receipts are issued to the payee via the use of the receipt book in which the Force retains a copy. Cash is banked as soon as possible by the Officer and where this is required to be stored it will be securely kept in the Corby cash safe. The fingerprints register details are sent to MFSS on a monthly basis to support the income account reconciliation process.</p> <p>However, it was noted this Officer may be the only one involved in the process. For example, the Officer could arrange the appointment, take the fingerprints, take the payment and bank the cash, with no other officer or record being involved in the process. This could therefore lead to the risk that a payment may not be recorded and a receipt may not be present which could cause fraudulent activity to go unidentified.</p> <p>Risk: Where there is only one officer involved in the entire fingerprints process there is a risk of errors or fraudulent activity going undetected.</p>	A segregation of duties should occur in the process of providing the public with fingerprints.	2	<p>Following the full implementation of the E-Services project, we will request a new online functionality is created to record bookings of finger prints rather than phone call records, with a process to allow for cancellations to be emailed back to the end user, which will mean an ability to reconcile between cash in vs appointments.</p> <p>Update - The E-Services project is aware of this requirement, but it is being managed on a prioritisation basis and will be delivered as part of the online package expected on full implementation across the next 12 months. Currently we rely on the Trust &amp; Professional Integrity of our officers &amp; will continue to do so until a practical electronic process is available.</p>	Nick Alexander 31.03.17	

**2016/17**

**Financial Planning & Savings Programme – November 2016**

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.4	<p><b>Price Assumptions</b></p> <p><i>Observation:</i> Appropriate assumptions should be made as part of the planning process.</p> <p>Discussion with the Acting Head of Finance identified that he works with representatives from the Leicestershire and Nottinghamshire Forces to agree appropriate assumptions. Examination of an email from the Head of Finance at Nottinghamshire Police to other Force Heads of Finance across the three forces confirmed that discussions had taken place and a spreadsheet was attached with the assumptions included for each Force. The assumptions included price inflation, such as officers pay, contract increases and utility cost increases. A column entitled 'Comments' was included, however it did not include any reference to the source of the information. For example, 'Gas', 'Electricity' and 'Water' were to be inflated by a specified percentage each year, however the comment was 'Market Assumption'. 'Water' and 'Business Rates' were planned to increase by 2% each year with a comment of 'CPI' with no reference to how this figure was arrived.</p> <p>As a source of the information was not noted, audit could not confirm they had been reasonably assumed.</p> <p><i>Risk:</i> Where assumptions made are not supported by evidence of their source, there is a risk of inaccurate assumptions being made. This may lead to prices being incorrectly forecasted leading to inaccurate budgeting.</p>	<p>All price assumptions made regarding macroeconomic indicators and utility prices should be supported by the source of information the assumption has been based on.</p> <p>This should be documented.</p>	3	<p>Agreed, as part of the next budget build process we will work with the Leicester and or EMSCU procurement teams to ensure that where possible inflationary assumptions are backed up by supporting paperwork.</p> <p>Update – This will be followed up as part of the enabling services workstream.</p> <p>Update – This has been included within the 2018/19 budget process.</p>	Head of Finance Sep 17	

## Code of Corporate Governance – November 2016

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p><b>Communication of Governance Framework Responsibilities between OPCC and Force</b>  <i>Observation:</i> To ensure that the governance framework and operational arrangements for both the Force and OPCC are clearly defined there should be communication between the OPCC and Force regarding the intention of the OPCC to update and review its Codes of Corporate Governance. It was confirmed through discussion with the Deputy Chief Constable and the Head of Finance for the Force that they were unaware that the OPCC has begun to produce a Corporate Governance Framework as a corporation sole. Therefore an individual Code of Governance, including a Scheme of Governance and Corporate Governance Framework, has not been produced for the Force as a corporation sole.                      The Force were of the belief that the governance arrangements for both the Force and OPCC were covered in a joint code.</p> <p><i>Risk:</i> Where the governance frameworks for both the OPCC and the Force are not clearly defined there is a risk of a lack of control and guidance in respect of the delivery and achievement of the Force and OPCC objectives which may result in these not being met.</p>	<p>There should be appropriate communication between the OPCC and Force regarding the intention to produce individual Codes of Corporate Governance as corporation sole, The Force, in consultation with the OPCC, should produce a Corporate Governance Framework and Scheme of Governance. (OPCC and Force)</p>	2	<p>OPCC                      The Force was involved at the outset of the update when a joint meeting was held regarding Financial Regulations. Furthermore the Force was represented at a Joint Independent Audit Committee in May 2016 where the draft updates were discussed in detail.                      However the documentation is now out to consultation with both the Force and Joint Independent Audit Committee The Force has been involved with the drafting of aligned Financial Regulations, however, there are slight differences between the two documents including the changes to delegated limits, which could cause confusion in working practises and agreements. The Force's Financial Regulations have been published and assurances received regarding how the OPCC's new regulations will not override those assumptions.</p> <p>The Force is currently reviewing whether the other corporate governance documents will be required as an individual corporation sole and if so how that will interact with the OPCC's overarching documents.</p> <p>Update – The PCC has agreed in principle the financial delegation and work is underway to finish the draft document. This should be complete by mid-November following which it will be circulated for proof reading and approval prior to being implemented.</p>	<p>Director for Resources and Governance                      Jan 2017</p> <p>Mar 17</p>	
4.3	<b>Defined Governance Responsibilities</b>					

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p><i>Observation:</i> To ensure that the governance frameworks remain appropriate and effective, the responsibility for monitoring and reviewing the frameworks for the Force and the OPCC should be formally defined.</p> <p>It was confirmed through discussion with the Acting Director for Governance, Operations and Delivery of the OPCC that currently the responsibility for monitoring and reviewing the effectiveness of the governance framework for the OPCC going forward has not been formally decided.</p> <p>Additionally, discussion with the Force Head of Finance identified that the Force have also not formally assigned an Officer to monitor and review the effectiveness of the governance framework for the Force.</p> <p><i>Risk:</i> Where the governance frameworks are not monitored and reviewed by a responsible officer there is a risk that ineffective frameworks are not identified which could result in the organisations not achieving their objectives.</p>	<p>Responsibilities for the monitoring and review of the governance frameworks across the Force and the OPCC should be formally defined.</p> <p>(OPCC and Force)</p>	2	<p>OPCC Agreed</p> <p>Force Agreed</p> <p>Update as per 4.1 above</p>	<p>Director for Resources and Governance Jan 2017</p>	

### Procurement Follow Up – November 2016

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 <b>Purchases under £25k – Supporting Documentation</b></p> <p><i>Observation:</i> The Force Contract Standing Orders state that Under £10k one quote must be obtained, between £10k and £25k three quotes must be obtained and the most economically advantageous tender selected. Audit selected a sample of purchases under £25k between 1/4/16 and 1/9/16 to confirm that the correct number of quotations had been sought in line with the Force Contract Standing Orders. A review of the Oracle system found that 4/10 had no supporting documentation attached to it and therefore it was not clear if the correct number of quotes had been obtained and value for money achieved.</p> <p>If the purchase under £25k was related to a contract, the reference to this should be stated in Oracle,</p>	<p>A communication should be issued to remind all staff who raise and approve requisitions that the supporting documentation should be clearly attached in the Oracle system. This should include the appropriate quotes or details of related contracts. Then dip sampling should be carried out to monitor compliance.</p> <p>(Local Responsibility)</p>	2	<p>Agreed. The dip sampling would ensure a more proactive approach to tackle repeat offenders and ensure compliance with CPR's.</p> <p>Update - The DIP sampling process will be devised and communications will be completed and issued once the accounts have been issued. However, MFSS are aware that we expect paperwork to be attached to the requisition &amp; as such, we would expect requisitions to be rejected if the requirements have not been completed.</p>	<p>Nick Alexander Acting Head of Finance Corporate Services December 2016</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	
	<p>however in one instance the purchase was related to a contract but details were not attached so had to be requested from the requisitioner.</p> <p><i>Risk:</i> Force fails to achieve value of money in its spending.</p> <p><b>This risk is outstanding from the previous audit of Procurement in February 2016</b></p>			<p>Update from 2017 Follow Up Audit - Audit testing identified that in 4/10 the supporting documentation for the purchase was not available for review on Oracle. Audit contacted requisitioners to confirm if the appropriate number of quotes had been obtained, and evidence was provided in all four cases.</p> <p>Partially implemented new recommendation raised (4.1)</p>		
4.2	<p><b>Retrospective Purchase Orders</b></p> <p><i>Observation:</i> Last years audit found a number of cases where purchase orders were raised after the invoice for the goods or service had been received. The Force moved to 'No Purchase Order No Pay' in June 2016 which has been a change of culture for the organisation and whilst this is embedded it is envisaged that there will be some retrospective purchase orders being raised. This year's testing found 4/10 of the purchases had retrospective purchase orders. Discussions with Finance found that reports are available that demonstrate the levels of retrospective purchase orders but they are not currently been run due to the introduction of No PO No Pay and giving it time to become normal practice across the Force.</p> <p><i>Risk:</i> If a purchase order is not raised prior to the order, the Force may purchase inappropriate goods or services and/or not have the budget to support the purchase.</p> <p><b>This risk is outstanding from the previous audit of Procurement in February 2016</b></p>	<p>Consideration should be given to producing monitoring reports on a regular basis to review the levels of retrospective orders raised to ensure they are reducing in line with expectations and repeat offenders challenged where appropriate. (Local Responsibility)</p>	3	<p>Agreed that it would be best practice to start to monitor the number of retrospective purchase orders to ensure that they are reducing as staff become more accustomed to the new 'No PO No Pay' system that has been adopted.</p> <p>Update - 2017 Follow up audit confirmed that no issues have been found with retrospective orders being raised.</p>	<p>Nick Alexander Acting Head of Finance Corporate Services December 2016</p>	
4.3	<p><b>Communication</b></p> <p><i>Observation:</i> A review of the Force intranet showed that the EMSCU Strategies and Polices were created in 2013 when the unit was established and have not been reviewed or updated since. This includes out of date contact details if Force staff needed to refer any procurement issues to EMSCU.</p>	<p>The EMSCU Policies and Strategies should be reviewed and updated regularly to ensure the document reflects current practices and should be published</p>	2	<p>The team are aware of this and have already began to investigate how the intranet can be updated.</p>	<p>Nick Alexander Acting Head of Finance Corporate Services January 2017</p>	



	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	
	<p>Moreover, the most up to date CPR's were not easily able to be located. This increases the risk that the correct procurement processes are not followed if staff use the out of date information currently available. <i>Risk:</i> Policies and procedures do not reflect the current needs of the Force leading to inconsistent working practices</p>	<p>on the Force intranet so it is available for staff. (Local &amp; EMSCU Responsibility)</p>		<p>Update - All policies and guides will be updated once the revised corporate governance documents have been issued.</p> <p>EMSCU need to provide the Force Communications Team with the correct information to allow the Intranet to be updated. Links have now been restored and will be updated again once policy review complete</p> <p>Update – 2017 Follow Up audit confirmed that all EMSCU policies were confirmed to have been updated and were easily located on the intranet.</p>	<p>Ronnie Adams Commercial Director January 2017</p>	
4.4	<p><b>Monitoring Spending Under £25k</b> <i>Observation:</i> Northants has a Procurement Officer in post who works closely with the EMSCU Engagement Partner to identify contract opportunities that can be passed up to EMSCU. They meet regularly to review opportunities however the Procurement Officer does not receive regular reports of expenditure under £25k that can be aggregated to identify opportunities that EMSCU could progress into appropriate contracts or utilise frameworks. <i>Risk:</i> The Force miss opportunities to deliver value for money in it purchases under £25k.</p> <p><b>This risk is outstanding from the previous audit of Procurement in February 2016</b></p>	<p>Finance and the Procurement Officer should set up a regular reporting protocol that allows the procurement officer to review expenditure under £25k on a regular basis so the information can be used to aggregate spend and identify contract opportunities. (Local &amp; EMSCU Responsibility)</p>	2	<p>Agreed that reports should be shared with EMSCU to allow this to take place.</p> <p>Update - We have provided extracts of all spend below £25k to EMSCU for review &amp; Ronnie Adams is working on the processes re &lt;£25k and how that can be 'handled' within EMSCU.</p> <p>EMSCU have been asked by Northants DCC to help support the under £25k spend for both Northants and Notts. This is under review.</p> <p>Update from 2017 Follow Up Audit - A process is currently being established which should be sufficient, although this has not yet been fully implemented.</p> <p>Partially implemented new recommendation raised (4.2)</p>	<p>Nick Alexander Acting Head of Finance Corporate Services Ronnie Adams EMSCU Commercial Director March 2017</p>	
4.5	<p><b>Supporting Documentation Over £25k</b> <i>Observation:</i> EMSCU are responsible for retaining the key documentation that is required for the procurement</p>	<p>This recommendation was raised in 2015/16.</p>	1	<p>Agreed, there is a document storage policy that covers electronic storing methodology</p>	<p>Ronnie Adams EMSCU</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	
	<p>process of contracts over £25k, including Statement of Requirements, Business Cases, Single Tender Award forms and the signed contract. These documents show the authorisation for the contract, the reasons why it is needed and why it demonstrates value for money. The Crystal system is used by EMSCU to record contracts that are in place and enables key documentation to be attached against each contract in place.</p> <p>Audit testing found the following:</p> <ul style="list-style-type: none"> <li>·4/10 had no Statement of Requirement;</li> <li>·4/10 no signed business case or single tender award so approval could not be evidenced; and</li> <li>·2/10 no signed contract could be located.</li> </ul> <p>Audit testing found that the use of attachments in the Crystal system was inconsistent, with some contracts having missing information. In some cases information was found but was stored in other locations but took staff time to retrieve these.</p> <p>If the key documents were available on Crystal this would allow a more efficient use of users time when searching for key documents and give additional assurance to EMSCU that the correct process had been followed with the documentation as evidence.</p> <p><i>Risk:</i> Breach of contract procedure rules and failure to deliver value for money; difficulties in holding suppliers to account without the signed contract.</p> <p><b>This risk is outstanding from the previous audit of Procurement in February 2016</b></p>	<p>EMSCU should set a clear protocol in place to ensure key documentation is consistently stored in the Crystal system. The documents available should include the signed versions of:</p> <ul style="list-style-type: none"> <li>·Statement of Requirement;</li> <li>·Business Case and/or</li> <li>·Single Tender Award;</li> <li>·Signed Contract</li> </ul> <p>Once implemented, regular dip samples on new contracts awarded should be carried out to ensure all supporting documentation is in place and correct authorisation has been given. (EMSCU responsibility)</p>		<p>but does not consider the Crystal contracts management system. This policy is now under review and will be updated to cover what will be on Crystal. Once the review is complete staff training and future monitoring plan will be undertaken.</p> <p>Update – The documentation policies have been reviewed and updated.</p> <p>Update from 2017 Follow Up Audit - In 6/10 cases signed documentation was not available on Crystal, but was provided from elsewhere. We also identified one case where a signed contract was available, but it had not been dated.</p> <p>Partially implemented new recommendation raised (4.3).</p>	<p>Commercial Director January 2017</p>	
4.6	<p><b>Authorisation</b></p> <p><i>Observation:</i> When contracts are awarded the Tender Award Report or Business Case is signed off as the approval to proceed with contract award. This should be signed in line with the Force Scheme of Delegation.</p> <p>Audit testing found:</p> <ul style="list-style-type: none"> <li>· 5/10 approvals could not be seen due to lack of supporting documentation;</li> <li>· 1/5 approvals were not in line with Force authority levels.</li> </ul>	<p>This was an audit recommendation from 2015/16. Staff should be reminded of the approval limits and the need to ensure the correct approval is obtained for the value of contract being authorised.</p> <p>Dip sampling should take place to ensure that all contract authorisations are done so in line with Force scheme of delegation.</p>	1	<p>Agreed. EMSCU will have greater scrutiny over the approvals and ensure they are in line with authority levels. This is part of a process review which will be followed up with dip sampling.</p> <p>Update from 2017 Follow Up Audit - All purchases were approved in line with the delegated scheme of approval, however we identified one case where a Single Tender</p>	<p>Ronnie Adams EMSCU Commercial Director January 2017</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	
	<p>Contract CN1001357 was for over £100k and was signed by the Head of EMSCU but should have been signed by Assistant Commissioner or the Head of Finance &amp; Asset Management or the Chief Accountant.  <i>Risk:</i> Contracts are entered that do not have the authority to do so and result in financial loss through failure to deliver value for money.</p>	(EMSCU responsibility)		<p>Award had not been countersigned by the procurement team.</p> <p>Partially implemented new recommendation raised (4.4).</p>		

## Business Continuity – December 2016

	Observation/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4.1	<p><b>OPCC BCM Documentation</b></p> <p><i>Observation:</i> Business continuity arrangements for the OPCC should be in place setting out the response that will be made in the event of a serious incident to ensure that the organisation is able to continue its business in an effective and efficient manner.</p> <p>The OPCC Chief Finance Officer (OPCC CFO) confirmed that the roles and responsibilities of staff in the office with regards to business continuity and the steps to be taken in the event of an emergency incident have not been formally defined.</p> <p>The office places reliance on the following four main aspects in order to delivery its business:</p> <ul style="list-style-type: none"> <li>• People;</li> <li>• IT;</li> <li>• Premises; and</li> <li>• Documentation.</li> </ul> <p>Discussion with the OPCC CFO identified that there is resilience in the office that would allow service delivery to continue in the event of a business continuity incident. For example, there are members of staff who could cover roles in the event of loss of staff and staff could work remotely should access to premises not be available. However, the plan to follow should the primary resources be unavailable to the office have not been formally documented.</p> <p><i>Risk:</i> Where the business continuity plan for the OPCC has not been formally documented there is a risk that staff are unaware of the steps to take and their roles in the event of an emergency incident, which could result in the OPCC being unable to resume its services in an efficient manner.</p>	<p>The OPCC should formally document its business continuity arrangements for the office. This should include the steps that are required to be taken in the event of an emergency and the roles and responsibilities in an emergency event of staff within the office.</p> <p>The business continuity arrangements for the OPCC should be linked to the risks identified and documented within the OPCC Strategic Risk Register.</p> <p><b>[OPCC]</b></p>	2	<p>The OPCC accept and agree with this recommendation. Paul Fell, Director for Delivery in OPCC is currently considering the recommendation and will be constructing a business continuity plan for the office. This is likely to follow departmental plans for a number of Force departments such as IT, as the OPCC utilises their skills and service in relation to this kind of provision.</p> <p>Update – A Business Continuity Plan was produced for the OPCC in March 2018</p>	<p>OPCC Director of Delivery</p> <p>01 May 2017</p>	

## ICT Review – January 2017

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	<p><b>Patching Policy</b></p> <p><i>Observation:</i> Patch management procedures are defined when updating Microsoft products via the WSUS Server, with Critical and Security patches rolled out automatically. However, on reviewing a report from the WSUS server noted that 2794 computers, 251 servers and 997 laptops require updating. We are informed that this is a misleading view of the situation in relation to patching as this will include a number of low level and unnecessary patches. In discussion with both the Network and Communications Manager and Information Security Manager, they highlighted that this issue has previously been raised during the PSN processes and that further work and resources were required to ensure that effective patching processes were applied. Patching processes for other devices including firewalls and switches was generally up to date.</p> <p><i>Risk:</i> Patches are not applied effectively or in time leading to security weaknesses in the Infrastructure.</p>	<p>A patching policy should be developed alongside the development of the tri-force WAN, with consideration of the appropriate resources needed to effectively maintain the infrastructure.</p>	2	<p>Accepted that a single patching policy should be developed across the triforce.</p> <p>In the interim Northants team is looking to ensure existing processes are fully documented to feed into the tri-force policy.</p> <p>Update – ISD and ISO have been working on the policy and the likely impacts following the wash-up sessions on the Wannacry issue earlier this year.</p>	<p>Acting Head of ISD Northants – Northants documentation to be finalised Q1 2017.</p> <p>Tri force collaboration Programme – Tri force policy to be created as part of the tri-force WAN.</p>	
4.2	<p><b>Monitoring Strategy</b></p> <p><i>Observation:</i> Multiple monitoring tools are in place to monitor network and system activity, however there is no current formal monitoring strategy defining what is monitored and what is not and where responsibilities lie.</p> <p><i>Risk:</i> Management do not adequately define areas of risk to be monitored.</p>	<p>The organisation should establish a formal IT monitoring strategy to clearly define what is monitored, how and by whom and what action needs to be taken if an event is identified that requires further attention.</p>	3	<p>Accepted. Departmental Head now working with team managers to draft initial monitoring strategy. Some additional reporting being created to ensure that key areas of technology are effectively monitored and formalised escalation processes determined.</p> <p>Update – A draft strategy has been drawn up and is currently under review. ISD have developed a monitoring dashboard for the infrastructure which will be displayed in the main office.</p>	<p>Acting Head of ISD completion end Q1 2017</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.4	<p><b>Policies and Procedures</b></p> <p><i>Observation:</i> Whilst there are IT policies in place which are generally applicable and appropriate and subject to update, a more detailed review has been on hold through the various iterations of the Strategic Alliance/Tri Force arrangements, as it is viewed that a single sub set of policies will be required. This is now being taken forward but this has meant that elements of the existing policies are out of date and some now defunct policies, such as the CJX disconnection and Cryptographic handling, are still highlighted in the IT security policy when no longer relevant.</p> <p><i>Risk:</i> Policies no longer relate to practice and are unenforceable.</p>	<p>Policies and procedures should be fully reviewed and updated. Where appropriate, this may be part of a single set of policies within the Tri- Force collaboration, but if this were not to go ahead as currently planned, the local policies should also be subject to review as soon as is practical. Once developed, these should be signed off by senior management of the Force/s and should be widely be available and all users made aware of them.</p>	3	<p>Accepted in full</p> <p>Force Information Security Manager has been working with colleagues in the Tri-force collaboration and all three forces are looking to standardise process as soon as practical.</p> <p>Update – Dan Cooper, ISD, is helping with the policies and procedures. The delay in decision about Tri-Force collaboration has caused a delay in this work.</p>	<p>Tri-force Information Security teams likely timescales Q4 2017</p>	
4.5	<p><b>Data Encryption and CPS</b></p> <p><i>Observation:</i> From discussions with the Information Security Manager, it was identified that there is an encryption policy that has been set aside temporarily in relation to sending data to the CPS due to issues on the CPS side. The force, in common with other forces, is uncomfortable with this arrangement.</p> <p><i>Risk:</i> Sensitive data sent to third parties is not adequately protected.</p>	<p>Where possible, data sent to the CPS should be encrypted.</p>	3	<p>Agreed in full.</p> <p>Force SIRO now agreed to re-instate encrypted media to CPS. Awaiting policy finalisation and organisation wide communication.</p> <p>Update – The updated Encryption Policy and procedures were approved on 24 August and will now be implemented.</p> <p>Update – The updated policy and procedures are now in place.</p>	<p>Force Information Security Officer</p> <p>Q2 2017</p>	

## Risk Management – February 2017

	Observation/Risk	Recommendation	Priority	Management Response	Timescale/ responsibility	Status
4.5	<p><b>Training for OPCC Staff</b></p> <p><i>Observation:</i> In order to ensure that staff have the appropriate skills to identify, report and assess risks to their service areas, they should be provided with adequate and appropriate risk management and/or awareness training.</p> <p>Discussion with the Director of Delivery and Director of Resources and Governance confirmed that the risk management processes within the OPCC are currently under review and a new working methodology for risk management is to be implemented. This includes the use of the IPSO Risk Management software. The Director of Delivery has been trained on IPSO as he will be the officer who updates the system and it is not expected that any other members of staff will require access.</p> <p>However, other members of staff within the OPCC will require training on the new risk management processes, including their roles/responsibilities. Training was not provided on the previous methodology and will be required once the new risk management working practices have been finalised. At the time of the audit no training had been provided.</p> <p><i>Risk:</i> If staff do not have adequate risk management skills, key risks may not be identified and managed effectively across the OPCC.</p>	<p>Key staff within the OPCC should receive appropriate risk management training, whilst wider risk awareness should be developed across the OPCC including training on the new risk management processes implemented.</p> <p>A recommendation regarding training for OPCC staff was raised within the 2015/16 internal audit report of risk management. (OPCC)</p>	2	<p>The risk lead in the OPCC recognises this issue. The OPCC lead is currently reviewing and refreshing the OPCC risk policy. Once completed this will be shared with all staff and will be the subject of a whole team briefing to aid understanding. Training and awareness briefings will be arranged and delivered to all staff on the identification of, adoption of and management of risks.</p> <p>The lead officer is seeking to source more formalised training for himself. All of this will be documented for next audit.</p>	<p>Paul Fell, Director for Delivery October 2017</p>	

## 2017/18

### Audit Committee Effectiveness - June 2017 – No recommendations for Northants Police

#### Seized Property - July 2017

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p><b>Property Tracking on NICHE</b></p> <p><i>Observation:</i> Review of five Cash Valuables held within the Central Property Store identified that there were discrepancies in the audit trail in three cases. This included property being moved to a temporary location for further enquiries. The property was taken out of temporary storage, moved to Sheffield, and returned, for testing. This trip was not recorded on NICHE, with there being no trail of the property leaving the temporary store.</p> <p>Review of the Temporary store in Kettering identified eight cases (10%) where property was not available in the temporary store as per the record held on Niche. A further 14 items were in the temporary store which were not logged onto Niche.</p> <p>Review of a Collection Shelf in Weston Favell identified eight (23%) cases where property was not available which had been assigned to this location on NICHE.</p> <p><i>Risk:</i> Where items are not tracked, and checked in and out at the appropriate locations, there is a risk of property going missing. This also questions the integrity of the underlying records held on the NICHE system.</p>	Officers should be reminded to ensure property is checked in and out correctly whenever property has been moved from the temporary locations.	1	<p>When Niche was implemented, all officers attended a training program which provided instructions and guidance regarding their use of property in Niche. As with other areas of Niche, there have been difficulties for some officers in adopting the correct processes. The Property team regularly sends out guidance notes and instructions to officers to assist and avoid future errors and will continue to monitor and do so. In addition, the Niche training team (Melissa Willis) will include this area within their regular NICHE training updates to officers and staff. The DP Team Leader will continue to make use of our Forcenet &amp; Force orders to remind officers of their obligations in respect of property.</p> <p>Update – Ongoing communications are highlighted on Forcenet and user guides have been distributed on current processes.</p> <p>We are in the process of changing how officers manage property in Niche which is significant and will affect the region. The changes will take some time to introduce, but we are making good progress.</p>	<p>Tina Britten – Property team leader –</p> <p>Force wide broadcasts &amp; links to Niche training to ensure accommodates needs highlighted in this report.</p> <p>Ongoing Daily/weekly tasks. Or Monthly training activity.</p>	
4.2	<p><b>Strong Room Safe Audit</b></p> <p><i>Observation:</i> In discussion with the Property Team Leader it was confirmed that the last audit to be completed on the Safe / Strong room was in 2015, however this was not a full scale audit / reconciliation where the whole safe had been reconciled.</p>	The Central Detained Property Team should complete a full audit of the Safe and Strong room. This should include ensuring items stated on NICHE to be held within the Strong room are available,	1	The safe/strong room is within a secure and covert building with restricted access, which reduces the level of risk highlighted. A recent business case was agreed to recruit 4 additional staff on fixed term contracts	Kelly Connor / Kelly Wayman - Senior managers / Tina Britten –	



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	<p>Review of a Property Management System Report (Pre- NICHE March 2016) identified 59 pages of property stated to be held within the Cash/Valuables Safe dated between 2002 and 2016. Review of six items from this list confirmed that three could not be located; including a set of coins from 2002. It was also identified that one of the three identified items was located within an incorrectly labelled box – a Kettering item, within a Corby labelled box.</p> <p><i>Risk:</i> Where the safe is not regularly audited/reconciled, property may go missing/ be disposed of without notice or record on the property management systems. The integrity of the data held on NICHE is then pulled into question.</p>	<p>and to ensure items have been placed in the correct and appropriate locations. The safe / strong room should then be periodically audited / reconciled to ensure accuracy back to the underlying records held on NICHE.</p>		<p>(FTC), initially for 6 months, to enable the elements of this report to be addressed, including a full audit of the safe/strong room &amp; all temp &amp; bulk stores. The business case for a permanent change to the Property team establishment will be progressed with the Northants Police Change Board in August. This will to ensure that the temporary solution is embedded as a long term solution.</p> <p>Update – Interviews for the FTC positions have been completed and offers issued. We are now awaiting MFSS to complete the recruitment process.</p> <p>Update - All recruitment progressed with starters joining on a staggered basis. 1 in post already, 3 joining week commencing 23rd Oct, 1 at the beginning of Nov &amp; 1 at the beginning of Dec.</p>	<p>Property team leader.</p> <p>Review and Permanent Changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and completing the required tasks on a permanent basis. Alternatively the force will extend the FTC until the long term changes are implemented.</p>	
4.3	<p><b>Temporary Storage Audit</b></p> <p><i>Observation:</i> Review of three temporary stores identified two stores which had significant discrepancies to the underlying records held on Niche. In one case the location report from Niche indicated 80 items were present in the location, yet eight of which could not be located within the temporary store. A further 14 items were held within the store, but not assigned to the store on NICHE. In the second location the report stated 35 items should be available, eight of which could not be found.</p> <p><i>Risk:</i> Where there is no regular reconciliation of temporary stores to the NICHE system, property may not be appropriately tracked where the underlying records are incorrect.</p>	<p>Temporary Storage Locations should be reviewed and audited during the collection and delivery runs.</p>	<b>1</b>	<p>A recent business case was agreed to recruit 4 additional staff on fixed term contracts initially for 6 months, to enable the elements of this report to be addressed, including a full audit all temp stores. The business case for a permanent change to the Property team establishment will be progressed with the Northants Police Change Board in August. This will to ensure that the temporary solution is embedded as a long term solution. Northants will adopt a complete review, similar to that completed recently at Leicestershire Police. The New Leicester model included a property courier role that would complete collections and audit the</p>	<p>Kelly Connor / Kelly Wayman - Senior managers / Tina Britten – team leader. Review and Permanent changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and</p>	

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				<p>temp stores during their visits. This role has been proposed as part of the business case and recommended review of Northants property roles.</p> <p>Update – As per 4.2 re the FTC positions.</p>	<p>completing the required tasks on a permanent basis. Alternatively the force will extend the FTC until the long term changes are implemented.</p>	
4.4	<p><b>Cash Count - Insurance Policy</b>  <i>Observation:</i> The safe within Central Property Store currently contains large quantities of cash that have not been counted, but are defined as "Quantity of Cash" or "Large Quantity of Cash". Review of the insurance policy, and discussion with the legal secretary, confirmed that the Force are not covered for uncounted cash, ie only for that which the Force are able to prove was lost. Additionally, the cash that was held was not clearly identified as being held under either POCA or PACE, or for any other reason, which may have explained why the cash had not been counted.  <i>Risk:</i> Where cash is not counted the Force are not insured for the amount held, also the amount held may be in breach of the insurance limits. When cash may be returned to the owner, the integrity of a police officer may be questioned if the amount seized has not been stated on seizure.</p>	<p>Cash held within the Central Property Safe should be counted for insurance and safeguarding purposes.  Where cash has been seized under POCA or PACE and is not be counted, this should be made clear on the NICHE record and exhibit bag where possible.</p>	1	<p>The Central safe/strong room is within a secure and covert building with restricted access, which reduces the level of risk highlighted.  A recent business case was agreed to recruit 4 additional staff on fixed term contracts, initially for 6 months, to enable the elements of this report to be addressed, including a full audit of the safe/strong room, including the counting of money held, for insurance purposes. Instructions will be disseminated on a regular basis, to ensure cash seized under POCA or PACE that is not counted, will be made clear on the NICHE record and exhibit bag where possible.</p> <p>Update – As per 4.2 re the FTC positions.</p>	<p>Kelly Connor / Kelly Wayman - Senior managers / Tina Britten – team leader.  Review and Permanent changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and completing the required tasks on a permanent basis. Alternatively the force will extend the FTC until the long term changes are implemented. Ongoing training &amp; broadcasts will continue on a Daily /weekly /</p>	

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					monthly basis, or via the Monthly NICHE or force training activity, to include instructions re cash seized under POCA/PACE	
4.5	<p><b>Training on NICHE</b></p> <p><i>Observation:</i> Review of a temporary location collection shelf identified eight cases, from a population of 35, where the property was not available on site. The underlying Niche records indicated that a collection date with the owner had been confirmed in some cases, however the system had not been updated following this meeting to confirm if the property had been returned.</p> <p>Further inspection identified that two of the property items stated to be held in store had been returned to the owner.</p> <p>The incorrect items of property were then disposed on the system. This showed that two in store items had been disposed of, and two disposed items were in store.</p> <p><i>Risk:</i> Where property is not appropriately disposed on NICHE, the integrity of the underlying records on NICHE are called into question.</p>	<p>The Force should ensure that all staff are aware of the procedure for confirming the disposal of property, including the return to owner procedure. Namely, the initiation of a task for disposal by the Central Detained Property Team on NICHE.</p> <p>Training should also include the process for moving property from temporary storage.</p>	2	<p>We are changing the way officers review property so they instead directly specify in Niche when property should be retained, returned to owner or destroyed and no longer send a review task to the Property team.</p> <p>Property will receive information from scheduled business objects reports, which will drive their work for destructions and return to owners.</p> <p>This work is ongoing and with the Niche design authority currently for approval.</p> <p>Interim solution – see 4.1, Broadcasts &amp; information sharing will be done via force systems by Property team leader, and ongoing training by NICHE training team both with current procedure and when changes introduced.</p> <p>Also 4.3 – Proposed new Courier role would ensure temp stores are audited, Niche amended and officers updated.</p>	<p>Kelly Connor / Kelly Wayman - Senior managers / Tina Britten – team leader.</p> <p>Niche changes to process expected 31/12/2017 for implementation and associated training</p> <p>4.1 - Ongoing Daily/weekly tasks. Or Monthly training activity.</p> <p>4.3 Review and Permanent Changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and completing the required tasks</p>	

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					on a permanent basis. Alternatively the force will extend the FTC until the long term changes are implemented.	
4.6	<p><b>Timeliness of Disposals</b></p> <p><i>Observation:</i> Review of five disposals identified one case where the item had remained pending disposal for eight months before being disposed and destroyed. P16000-18381 had been set to pend disposal following a request from the Officer in Case on the 6 July 2016, however this was not destroyed until 29 March 2017. Review of the Pre-NICHE PMS report (59 pages) identified a large number of property items from 2002-2016 classified as "Awaiting Disposal" on the system.</p> <p><i>Risk:</i> Where items are not disposed in a timely manner, this hinders effective property management and impacts on the availability of storage facilities.</p>	Property should be disposed of in a timely manner after the authorised destroy request has been submitted to the Central Property Team.	2	<p>A recent business case was agreed to recruit 4 additional staff on fixed term contracts, initially for 6 months, to enable the elements of this report to be addressed, including the disposal of property in a timely manner.</p> <p>The business case for a permanent change to the Property team establishment will be progressed with the Northants Police Change Board in August. This will to ensure that the temporary solution is embedded as a long term solution.</p> <p>Please also see 4.5 re: change to way officers mark property for disposal.</p> <p>Update – As per 4.2 re the FTC positions.</p>	<p>Kelly Connor / Kelly Wayman - Senior managers / Tina Britten – team leader.</p> <p>Review and Permanent Changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and completing the required tasks on a permanent basis.</p> <p>Alternatively the force will extend the FTC until the long term changes are implemented.</p>	
4.7	<p><b>Cash Banking Process</b></p> <p><i>Observation:</i> Two officers are present in the counting of cash, within the Central Property location, which has been requested to be disposed by the Office in Case. Both officers will take a section of the bags and</p>	Cash and banking should be completed on a periodic basis, with two officers counting the amounts to be banked. Once	2	<p>Process will be adopted upon appointment of new staff currently being recruited.</p> <p>A recent business case was agreed to recruit 4 additional staff on fixed term</p>	<p>Kelly Connor / Kelly Wayman -</p>	

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	<p>each count their share of the property bags. Each bag is currently counted by a single officer. The amounts to be banked are entered onto a checking sheet which details the denominations of cash counted per property item. This amount is not entered onto the NICHE property record.</p> <p><i>Risk:</i> Where the counted cash is not double checked, there is a risk of a miscount of the money to be banked. Where this amount is not recorded on the NICHE record, it will be difficult to identify where the miscounted monies relates as there is no cash amount held on the property management system.</p>	banked, the amount banked against the property item on NICHE should be recorded for continuity.		<p>contracts, initially for 6 months, to enable the elements of this report to be addressed, including the counting and banking of cash in a timely manner, with the NICHE records being appropriately recorded.</p> <p>The business case for a permanent change to the Property team establishment will be progressed with the Northants Police Change Board in August. This will to ensure that the temporary solution is embedded as a long term solution.</p> <p>Update – As per 4.2 re the FTC positions.</p>	<p>Senior managers / Tina Britten – team leader. New staff should be appointed and activity in place by 31/08/2017. Review and Permanent changes requested via change board, requested to be implemented within 6 months, whereby additional staff are in place and completing the required tasks on a permanent basis. Alternatively the force will extend the FTC until the long term changes are implemented</p>	
4.8	<p><b>Policies &amp; Procedures</b></p> <p><i>Observation:</i> Review of the Detained Property Procedure and Annexes (A-N) confirmed that they had not been updated following implementation of the NICHE software in March 2016. Review of the Web Form available on Force Net confirmed that the guidance available is not accurate based on the current processes in place and updated forms for officers to use.</p> <p><i>Risk:</i> Where procedure notes are not reviewed and updated on a regular basis there is a risk that the working practices adopted by staff may become inefficient, ineffective, and / or out-dated. This could</p>	The Detained Property Policy, Procedure and Annexes should be reviewed and updated on a regular basis to ensure their accuracy and fitness for purpose. Updates should also include the Web Form Guidance for Police Officers in Adding Exhibits and Checking Property In and Out.	2	<p>The existing policies and procedures are currently being reviewed and updated by the Property Team Leader. The property team will continue to maintain the Forcenet / intranet pages in relation to all information with respect to property, as a one stop location for officer enquiries. The Property team leader will disseminate reminders to officers in respect of any property issues highlighted, and also generic reminders to all.</p>	<p>Kelly Connor / Kelly Wayman – Senior managers / Tina Britten – Property team leader. 31/08/2017</p>	

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subsequently lead to mistakes and errors in seized property.			Update - These are a work in progress. We are collaborating with the region to implement regional policies, hence this will take longer than expected. Our local policies are also being looked into, as some issues need resolving, for example a change to policy in relation to frozen exhibits. All moving forward as quickly as possible.		

### OPCC Victims Code Follow Up - July 2017

Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
<p>4.1 <b>Written Acknowledgement</b>  <i>Observation:</i> VCOP entitles all victims to receive written acknowledgement that they have reported a crime, including basic details of the offence. Previously, the old system auto-generated a letter with the details that was sent to the victim, however this is not the case with the new Niche system. Northamptonshire Police Officers should issue the personalised Information for Victims booklet to each victim, with relevant details completed, and this should be recorded on the Niche system. A webform on the VCOP module allows users to input if the booklet was provided to the Victim. Audit testing found 18/20 incidents had not resulted in the booklet being issued to the victim.  It is acknowledged that officers will not always carry the booklet to enable them to issue the written acknowledgment, however the Force need to ensure that they have an appropriate system to provide written acknowledgement to victims of crime.  <i>Risk:</i> Failure to acknowledge the victim has reported a crime and to provide basic details of the offence as confirmation, alongside officer contact details and crime reference number, may result in the victim's entitlements not being met under VCOP.</p>	<p>The Force should establish an effective process for providing written acknowledgement to victims in line with the VCOP requirements. Consideration should include the possibility of emails with electronic versions of booklets attached. The Force should ensure that evidence of the written acknowledgement is maintained to confirm compliance with VCOP.</p>	2	<p>The Change Board agreed at a meeting on 15th June 2017 to review its communications in relation to Victims and this will be progressed through the Victim and Witness Board to ensure written acknowledgement can be delivered in an efficient manner.</p> <p>Update - We are looking to launch an initiative around VCOP which will include the booklet being redesigned and officers being briefed on what the expectations are regarding their updating of Victims. Included in this is a communication strategy both internal and external regarding track my crime which enables victims to keep up to date with the progress in their investigation. Alternatives are being identified for those who have not got access to e mail. Work is also being done to ensure that victims of crimes that are filed immediately are updated regarding the police decision.</p>	<p>Detective Chief Superintendent Kate Meynell</p> <p>30th September 2017</p> <p>The work will be implemented after SDM but before the end of December 2017</p>	

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	<b>This risk is outstanding from the previous audit of VCOP in June 2016</b>					
4.2	<p><b>Right to Review</b>  <i>Observation:</i> Following a police or CPS decision not to prosecute, victims are entitled to be notified of the reasons why this decision was made, how they can access further information about the decision and also to seek a review of the decision if they are dissatisfied. This process is termed Victims' Right to Review.  The Force have created a Right to Review Policy, Process and a guide of how to process this on Niche, however it is unclear how Right to Review is communicated with the Victim and how the Force manage the right to review requests that are received. The initial booklet that is issued to Victims (see 4.1 above) was found to be out of date and a review of this does not provide details of a right to review.  <i>Risk:</i> Failure to adhere with Right to Review legislation, lack of compliance with VCOP, lack of transparency and increased victim dis-satisfaction.</p> <p><b>This risk is outstanding from the previous audit of VCOP in June 2016</b></p>	<p>The Force and OPCC should review how the right to review entitlement is communicated to victims and how this is effectively recorded to document compliance with VCOP.  The information booklet should be updated and include the right to review entitlement.</p>	2	<p>In line with comments above, the communication with victims is being reviewed. It will be communicated to the lead officer assigned this role at the Change Board to ensure Right to Review is included in communications.  The Victims Journey App that is available will be updated to ensure right to review is included.</p> <p>Update – As for 4.1 – the booklet will include the right to review</p>	<p>Detective Chief Superintendent  Kate Meynell</p> <p>30<sup>th</sup> September 2017</p> <p>The work will be implemented after SDM but before the end of December 2017</p>	
4.3	<p><b>Referral Mechanisms</b>  <i>Observation:</i> Niche data is transferred to Victim Support, the provider for Voice, on an overnight download.  Currently, however, there is no reconciliation process to ensure the number of records in Niche have been received/ created in the Victim Support systems.  <i>Risk:</i> If all required information is not made available there is a risk that untimely or inappropriate support may be provided. Increased reputational risk and victim dissatisfaction.</p> <p><b>This risk is outstanding from the previous audit of VCOP in June 2016</b></p>	<p>A process should be introduced whereby the number of records transferred from the Niche system to the Victim Support providers are reconciled to ensure referrals do not 'drop out' as part of the data transfer process.</p>	2	<p>Agreed.  This has been raised with the Victim Support suppliers and it will be raised through contract management meetings to ensure a reconciliation of the referrals sent by the Force are the same as the number of referrals being dealt with by the provider.</p> <p>Update - The new CEX has been in charge of the service since 1st October and this work is all in hand. I will endeavour to have a further update on the progress of these actions within the next month but the transitional arrangements for the service (including a new case management solution</p>	<p>Jon Fell,  Business Support Manager</p> <p>31st July 2017.</p> <p>Vicki Martin  Head of Commissioning</p>	

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				which should make case reconsolidations easier) have taken priority at this time.		
4.4	<p><b>Provider Dip Sampling Process</b></p> <p><i>Observation:</i> Dip sampling is an effective means of confirming that key requirements of the process are being met and to address any areas of poor performance. This also drives consistency across the organisation and quality of service. The contract variation, signed with the victim's support provider, included the completion of DIP sampling for the OPCC to ensure compliance with VCOP by its external providers. However, this process is not supported by a documented methodology and the suppliers have not been provided the OPCC with regular performance from its DIP sampling process.</p> <p><i>Risk:</i> Inadequate quality assurance process, ineffective use of resources and failure to address non-compliance with VCOP in the victim support process.</p> <p><b>This risk is outstanding from the previous audit of VCOP in June 2016</b></p>	<p>The dip sampling process should be supported by a documented methodology to include - frequency, required approach, sample selection/ size, evidence of checks and action to be taken where issues have been identified.</p> <p>The OPCC should ensure that suppliers are complying with the DIP sampling requirements.</p>	2	<p>Agreed.</p> <p>Dip sampling will be reviewed with each provider and agreements be made to ensure this is reported to the OPCC as part of current performance monitoring reports that are received.</p> <p>Update - With effect from 01 October 2017 Voice will become a company owned and delivered by the OPCC rather than contracted suppliers. We are currently setting up new DIP Sampling process with the new Voice CEX to ensure the audit recommendation can be picked. A further update will be available in Autumn 2017.</p> <p>Update - The new CEX has been in charge of the service since 1st October and this work is all in hand. I will endeavour to have a further update on the progress of these actions within the next month but the transitional arrangements for the service (including a new case management solution which should make case reconsolidations easier) have taken priority at this time.</p>	<p>Vicki Martin, Head of Commissioning</p> <p>31st July 2017</p>	
4.5	<p><b>Dealing with Children as Victims</b></p> <p><i>Observation:</i> Audit testing included two cases where Children were recorded as the Victim. In both instances the referral to Victim Support services were selected as not applicable, despite the OPCC having a contract in place with a provider for young victims of crime. In one instance contact details for the victim were included - a mobile number - however, it was unclear who the phone number belonged to, such as relevant guardian or relative of the child victim. In the other case no contact details were recorded in Niche.</p>	<p>A review of how Child Victims are recorded in Niche should take place to ensure the correct information is recorded and appropriate referrals to victim support services are made. Once this is agreed, it should be appropriately communicated to Niche users.</p>	2	<p>Discussions will be held with the Head of Public Protection to review how Child Victims are dealt with in line with current processes to identify if there are any gaps in the current system.</p> <p>The lack of name associated with contact numbers has already been identified with records passed to Victims Support Services and it is an ongoing issue to promote the need to input correct details from users.</p>	<p>Detective Chief Superintendent Kate Meynell</p> <p>30th September 2017</p>	



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	This increases the risk that young victims are not able to be given the appropriate support services. <i>Risk:</i> The Force does not provide appropriate victims support to children who are victims of crime.			Update - We are working on how to ascertain the experiences of child victims and this is being considered through the victim surveys.	The work will be implemented after SDM but before the end of December 2017	
4.6	<p><b>Reporting Capabilities of Niche</b></p> <p><i>Observation:</i> The development of the Niche dashboard assists the OPCC and Force in reviewing the performance of its staff in compliance with the Victims Code of Practice. However, through audit discussions with staff and the Niche lead there are further opportunities to draw custom made reports out of Niche that will assist in the management of VCOP compliance. Such reports could be used to carry out DIP sampling to review if the Force has been complying with VCOP entitlements and review overall levels of performance alongside the existing reports that are produced by the Corporate Performance Team.</p> <p><i>Risk:</i> The Force fails to identify where Victims are not receiving their entitlements under VCOP.</p>	<p>The Force and OPCC should work with the Niche team to review the opportunities to develop performance reports that would assist in the monitoring for VCOP compliance. Including but not limited to:</p> <ul style="list-style-type: none"> <li>-Monitor the % of cases where booklets were recorded as not issued;</li> <li>-Monitor where 'not applicable for referral to victim services' have been recorded</li> <li>- No. of right to review cases processed in the system</li> <li>-No. of VCOP non-compliance over period of time.</li> </ul>	3	<p>Agreed.</p> <p>Opportunities to extract performance information from Niche will be discussed with Paul Greener, Elle Harrison, John Fell and Sarah Crampton.</p> <p>Update - Work is in progress to ensure that niche supports VCOPs and that compliance can be easily monitored and reminders issued where necessary.</p>	<p>Detective Chief Superintendent Kate Meynell (supported by Vicki Martin, Head of Commissioning)</p> <p>31st July 2017</p> <p>The work will be implemented after SDM but before the end of December 2017</p>	

### Fleet Management – August 2017

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.1	<p><b>Strategy and Implementation Plan</b></p> <p><i>Observation:</i> The Force are currently in the process of finalising and approving a Transport Strategy that is to sit alongside the new Police &amp; Crime Plan for 2017-21. Audit reviewed the latest draft version of the Strategy, which includes 16 principles which the Transport department are to achieve over the next four years. Whilst the principles are stated in the draft strategy, the Force does not have a clear implementation plan that sits beneath these principles that provides details of how the Strategy will be achieved.</p>	<p>The Force should ensure that the Transportation Strategy is approved at the appropriate forum.</p> <p>Once the Strategy has been ratified, an appropriate implementation plan should be put in place. This should include details of how the principles of</p>	2	<p>Agreed.</p> <p>The draft version of the strategy is currently being reviewed and will be approved shortly. DCC confirmed 25Jul17 that the strategy document has been signed off and we have the final document. Copy has been forwarded to internal audit. Following this, the intension is to collate the work being completed to support the strategy into an implementation plan. A</p>	<p>Graham Crow Transport Manager 31st October 2017</p>	

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	<i>Risk:</i> The Force does not have an effective strategy and implementation plan in place to support the delivery of Force and OPCC objectives.	the Strategy will be achieved by the Force.		meeting is arranged on 31Jul17 with a Ch Insp who is tasked with getting this finalised in terms of Travel review.  Update - The Strategy document has been ratified by the DCC. Meetings have taken place with Ch Insp Dorothy and under Op Balance a review of Transport and Travel is being undertaken with Triaster looking at processes within the workshop, a review of Post and Courier Services is being looked at separately and the Travel office is subject to a Tender programme to see how this can best be delivered.	Revised timescale 31 <sup>st</sup> December 2017 Due to the work being undertaken by Triaster	
4.2	<b>Monitoring of Performance</b> <i>Observation:</i> As set out in 4.1 above, the Force does not currently have an approved strategy in place. To ensure that the Force is able to scrutinise and review the department's performance against the strategy, an effective monitoring system should be put in place. The Transport Team currently carry out some monitoring of performance, such as the availability of the existing fleet and carbon reduction, which are principles in the Strategy, however this is not reported outside of the Transport Team at present. <i>Risk:</i> The Force is not aware of performance against the Transport Strategy.	Once the Strategy and Implementation Plan have been established, an appropriate monitoring process should be put in place to measure performance against the Strategy. Performance should be reported to the appropriate Force and OPCC forums on a regular basis to provide assurance that the Strategy is being achieved.	<b>2</b>	Agreed. Following the approval of the Strategy and Implementation Plan, defined performance indicators will be discussed and agreed. Discussions will be held with the Force and OPCC to decide on the best way for Transport to feed this back.  Update - Part of the review by Ch Insp Dorothy and the Op Balance review will all impact on what service is delivered and how this is to be achieved. Once the revised methods of working are established KPI's can be agreed. In the meantime we still produce vehicle availability statistics on a monthly basis and as SDM has been rolled out we deliver a weekday daily report to Response showing their fleet availability. We have also delivered a full years data to Cipfa as part of the National Association of Police Fleet Managers (NAPFM) benchmarking programme. Once analysed this should show how Northamptonshire Police are performing against all other forces in terms of fleet.	Graham Crow Transport Manager 31st December 2017	
4.3	<b>Procurement Process</b>					

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	<p><i>Observation:</i> The procurement of vehicles by the Transport team is particularly complex due to the variety of specifications and service requirement needs. There are two elements to the Force procurement of vehicles, one being the basic vehicle itself and the second being the commissioning (customisation element) of the vehicle. The Force are part of the national buying group that has been facilitated by the NAPFM (National Association of Police Fleet Managers). A contract framework, managed by the Crown Commercial Services, has been in place since October 2015 for the purchase of the base vehicle. There are separate framework agreements in place for the commissioning element of the work and this can be completed by the manufacture as part of the base vehicle, completed by approved suppliers who can convert the vehicles for police use or be customised in-house at the Force workshop. The Transport Team maintains paper audit files for each vehicle procured that documents the quotes obtained, specification requirements discussed, and order confirmation from Head of Transport. Audit carried out testing on six vehicles procured over the last 12 months and found:</p> <ul style="list-style-type: none"> <li>· 6/6 vehicles were purchased through a framework contract for the base vehicle;</li> </ul> <p>However, in the four vehicles that required elements of commissioning, only one quote or option was documented and therefore it was unclear how value for money had been achieved. The value was below £10k, so no breach of CPR's however the option taken was not clearly documented.</p> <p>It was noted that the Transportation Team are experienced in their roles, having been in post for some time and have a depth of knowledge in their area of work. They were able to provide explanations and background information in respect of the decisions that they made, however they were not clearly documented.</p> <p><i>Risks:</i> The Force fails to achieve value for money in the procurement of vehicles. Loss of knowledge should key staff be unavailable.</p>	<p>The Transport Team should ensure they are complying with contract procedure rules when they are procuring commissioning of vehicles especially if any over £10k, as these require three quotes. The Transport Team should document the process that should be followed for the procurement of vehicles, including the commissioning process, that clearly demonstrates how value for money has been achieved.</p>	2	<p>Agreed. A simple flow chart signposting staff to the key steps in the procurement process will be completed to assist in business continuity and providing some resilience in the process. Further, NAPFM are working with CIPFA to undertake a National Benchmarking Exercise. This will inform all forces on a range of Transport key indicators. The next meeting is set for 27Jul17 to discuss next steps.</p> <p>Update - The Transport Manager has met with the key Transport team as well as Op Balance Team. Procedures are being reviewed, especially by Triaster and any changes will be made following due consideration. Draft process charts have been drawn up and will be amended once the reviews have been completed. These are in written hand and may need assistance in getting them into typed form.</p>	<p>Graham Crow Transport Manager 31st October 2017</p> <p>Revised timescale 31st December 2017 Due to the work being undertaken by Triaster</p>	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/responsibility	Status
4.4	<p><b>Maintenance Work Value for Money</b></p> <p><i>Observations:</i> The Force use external workshops to carry out some of their regular maintenance work on its vehicles due to either a lack of capacity or vehicles that are too large to be serviced at the Force HQ workshop.</p> <p>Discussions with the Transport Manager confirmed that there is no framework agreement in place for this externally carried out maintenance work. Each instruction to carry out services is managed on a case by case basis with a number of manufacturer garages and independent garages used who meet Force criteria to carry out the work such as security and, technical abilities.</p> <p>Where a framework agreement is not in place with external suppliers who regularly carry out services, there is an increased risk that value for money is not obtained through establishing discounted prices through mass purchases.</p> <p><i>Risk:</i> Force fails to achieve value for money in the servicing of its vehicles.</p>	<p>The Transport Team should liaise with Procurement to review how the external providers of maintenance services costs could be reduced through implementation of a framework contract.</p>	2	<p>Agreed.</p> <p>The Transport Team will make contact with the Procurement team in Northants to progress this.</p> <p>Transport Manager met with EMSCU colleague on 24Jul17 in order to get this work underway.</p> <p>At the same time this links in with work commissioned by the DCC under Op Balance to review current contracts and attaining best value.</p> <p>Update - The Transport Manager has met regularly with EMSCU and certain contracts have been identified, such as Vehicle Maintenance, Accident Repairs. The Accident Repair tender is being issued on the 17Nov17 via Leicestershire Procurement. Work continues to develop further tenders/frameworks from within Northants and EMSCU.</p>	<p>Graham Crow Transport Manager 31st October 2017</p>	



# Annual Audit Letter 2016/17

Northamptonshire Police and Crime  
Commissioner  
&  
Northamptonshire Chief Constable

[kpmg.com/uk](http://kpmg.com/uk)

October 2017



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This report is addressed to the PCC and CC (the Authority) and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

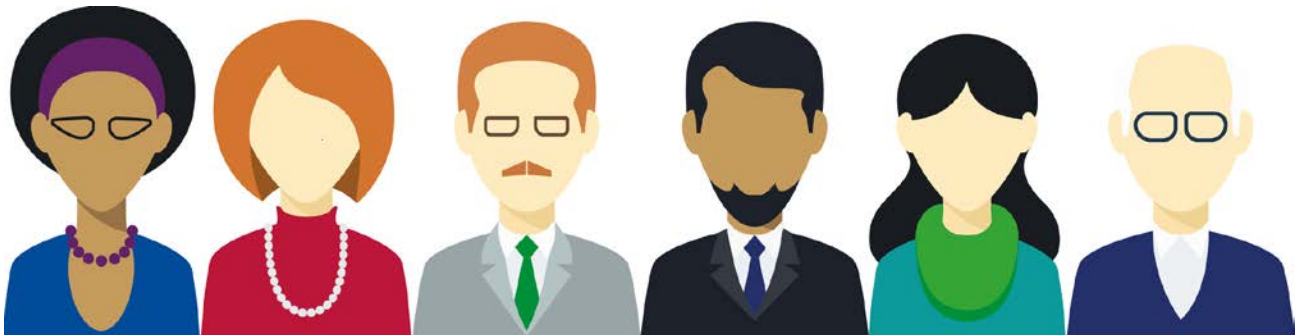
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## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at both the Police and Crime Commissioner (“PCC”) and Chief Constable (“CC”) for Northamptonshire in relation to the 2016/17 audit year.

Although it is addressed to the PCC and CC, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the PCC and CC’s websites.



### VFM conclusion

We issued an qualified “except for” conclusion on the PCC’s arrangements to secure value for money (VFM conclusion) for 2016/17. This decision was based on the following:

On 11 May 2016, the Police and Crime Commissioner approved a decision to sell Wootton Hall, the Force’s Headquarters. The decision was taken on the day before his term of office finished. Our review of this decision identified significant weaknesses in the governance arrangements for informed decision making by the Police and Crime Commissioner in that:

- the decision to sell the Force’s Headquarters was not supported by a business case that included detailed financial costings and analysis;
- the replacement Force’s Headquarters had not been fully costed; and
- no analysis had been undertaken to determine if the sale price met the ‘best value’ statutory requirements for the disposal of the Force’s assets.

The newly elected Police and Crime Commissioner immediately initiated a review of the decision. This review identified that the financial implications (both capital and revenue) had not been fully or accurately considered. The review further identified that if the decision had been followed through this could have resulted in a significant financial loss. On 19 January 2017, the Police and Crime Commissioner approved the decision to reverse the proposed sale of Wootton Hall.

We therefore concluded on the basis of our work and having regard to the guidance issued by the NAO in November 2016, that with the exception of the matters as stated above, we were satisfied that, in all other significant respects, Northamptonshire Police and Crime Commissioner put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

### VFM risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the following significant matters:

- Budgetary Pressures; and
- Sale of Force Headquarters (Wootton Hall).

### Audit opinion

We issued an unqualified opinion on the PCC and CC’s financial statements on 29 September 2017. This means that we believe the financial statements give a true and fair view of the financial positions of the PCC and CC and of their respective expenditure and income for the year.

## Section one

### Financial statements audit

We identified the following issues in the course of the 2016/17 audit:

- One material misstatement which impacted on the accounts, related to the Force's decision to restate both the PCC and CC opening balances by £16.4m to reflect a transfer of assets between the PCC and CC that we determined had taken place during the year. The restatement was to amend the opening balances of both sets of financial statements, and reflect the substance of the transaction, which was an in year transfer;
- a number of presentational adjustments were required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17; and
- two process level control issues relating to authorization of overtime, and authorization of the posting of journals.

Our audit plan identified the Local Government pension scheme triennial revaluation, generation of the accounts using the CIPFA "big red button", and identification of related parties as significant risks or other areas of audit focus for the year. We noted that all of these areas had been addressed by the PCC and CC, although we did identify one additional related party during the course of our audit work not originally identified by the Force.

We have had regular meetings with officers throughout the year which has facilitated delivery of the audit and plan to discuss how we can work together to secure further improvement next year.

### Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statements and Narrative Reports. We concluded that they were materially consistent with our understanding.

### Whole of Government Accounts

The PCC prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the PCC falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.

### High priority recommendations

We raised a single high priority recommendation as a result of our 2016/17 audit work. This is detailed in Appendix 1.

- Accounts Production: officers made significant improvements in the accounts production process, providing a draft set of accounts to us prior to the start of the audit. However, we unfortunately noted a significant issue in the draft accounts, with a Prior Period Adjustment being processed, without formal prior confirmation or agreement of this with KPMG.

We will follow up this recommendation as part of our 2017/18 work.




### Audit fee

Our fees for 2016/17 were £29,291 and £15,000, excluding VAT, for the PCC and CC respectively (which are consistent with the planned fees and the prior year fees).

Based on the additional work performed towards the end of the audit, considering the reversal of the prior period adjustment, we plan to charge additional fees. However, we have yet to discuss and agree the amount with the two s151 officers or the PSAA.



# Key issues and recommendations

No.	H/M/L	Issue and recommendation
1		<p><b>1. Accounts production</b></p> <p>While we have noted that the Finance team have made significant improvements in the accounts production process, providing a draft set of accounts to us prior to the start of the audit. However, we unfortunately noted a significant issue in the draft accounts, with a Prior Period Adjustment being processed, without formal prior confirmation or agreement of this with KPMG.</p> <p><b>Recommendation</b></p> <p>In future years, there should be a protocol between the Finance Team and External Audit for any proposed significant accounts issues, such as proposed Prior Period Adjustments.</p>
2		<p><b>2. Authorisation of Overtime</b></p> <p>We noted that in the payroll process, there is no direct authorisation / approval of overtime hours at the point of payment. Whilst we recognise that there are subsequent retrospective reviews of pay costs at a budgetary level, there is currently a risk that payments could be made for hours not worked.</p> <p><b>Recommendation</b></p> <p>The Force should consider adding additional controls into the overtime process so that it requires supervisor approval of overtime hours worked, prior to processing and payment.</p>
3		<p><b>3. Authorisation of Journals</b></p> <p>As part of our testing around journal controls, we noted that journals are not authorised electronically on the system but are retrospectively printed off and reviewed as part of the budget monitoring process. The risk is that an inappropriate journal entry could be made and not detected by the Police Authority's internal controls.</p> <p><b>Recommendation</b></p> <p>The Force should consider adding additional controls into the journals process so that it requires authorisation of journals, prior to posting.</p>

## Follow up of previous recommendations

As part of our audit work we followed up on the PCC's progress against previous audit recommendations. We are pleased to report that the PCC has taken appropriate action to address the issues that we have previously highlighted.

 High

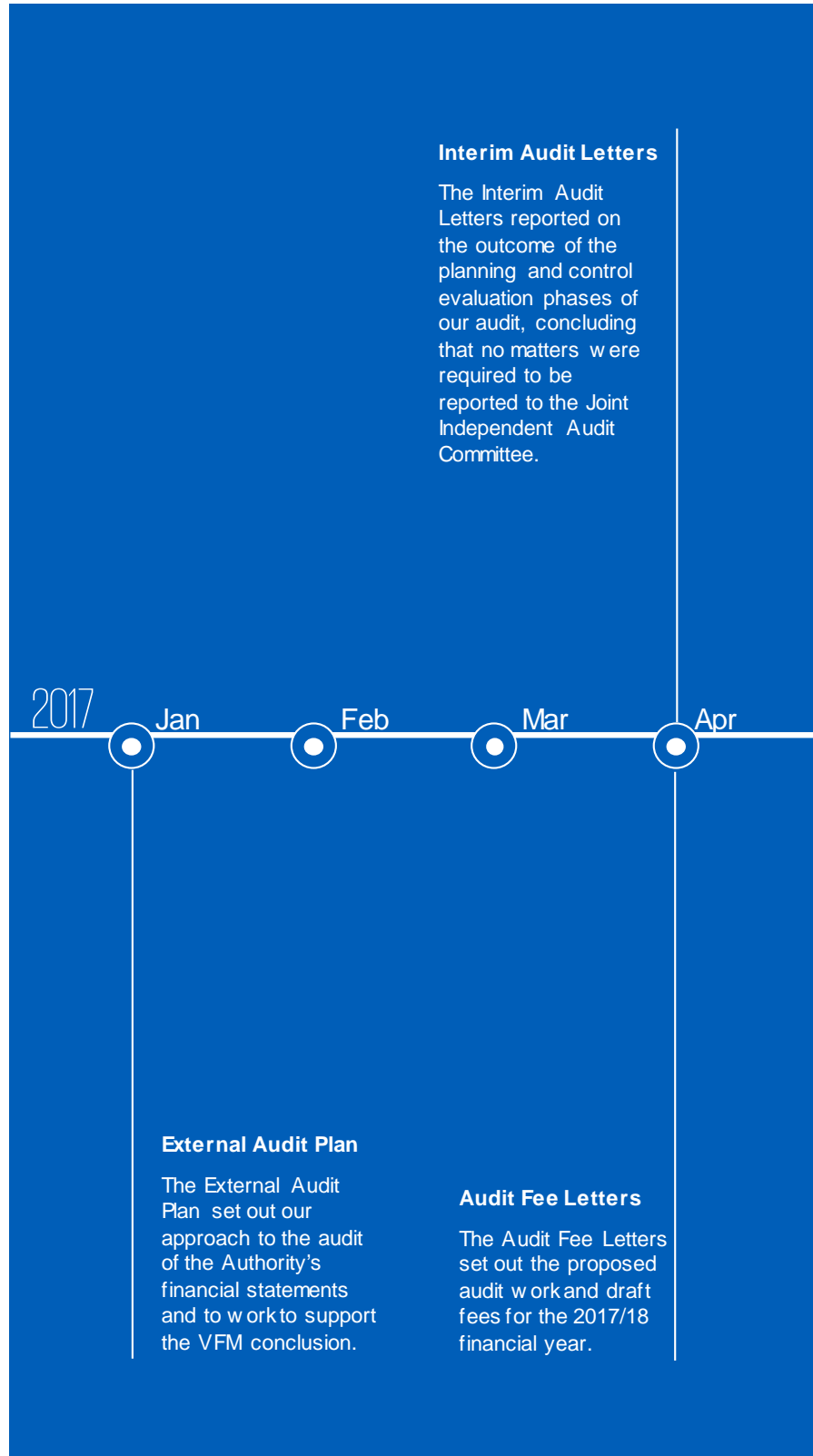
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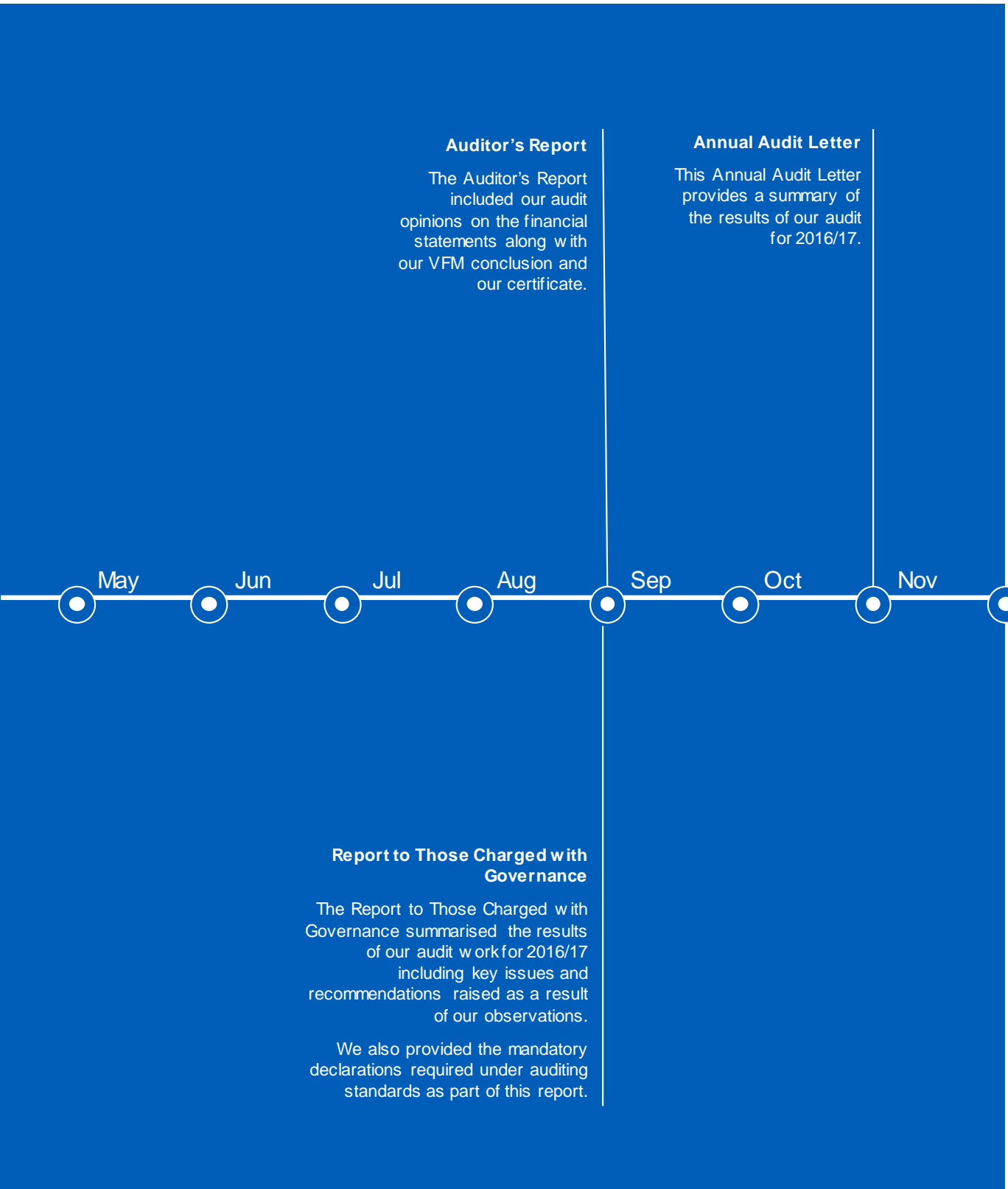
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## Appendix 2

# Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.





**Auditor's Report**

The Auditor's Report included our audit opinions on the financial statements along with our VFM conclusion and our certificate.

**Annual Audit Letter**

This Annual Audit Letter provides a summary of the results of our audit for 2016/17.

**Report to Those Charged with Governance**

The Report to Those Charged with Governance summarised the results of our audit work for 2016/17 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

## Appendix 3

# Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the PCC and CC we have summarised below the outturn against the 2016/17 planned audit fee.

### External audit

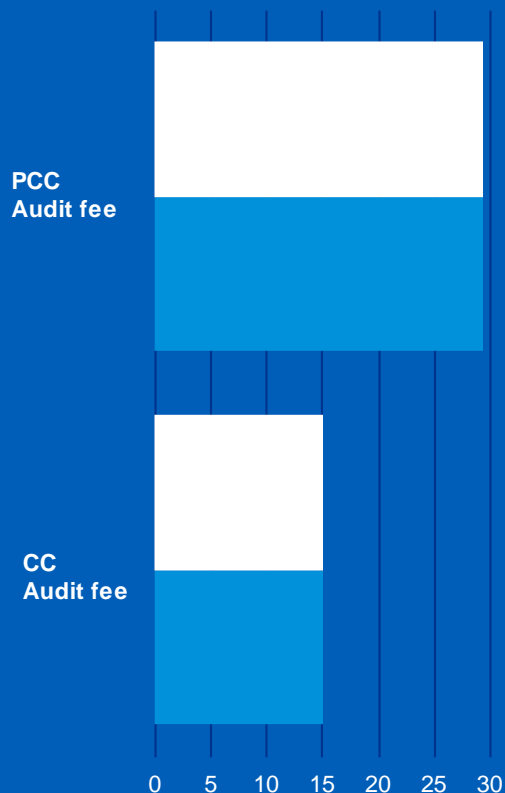
Our final fees for the 2016/17 audits of the PCC and CC were £29,291 and £15,000 respectively. These compare to planned fees of £29,291 and £15,000.

We have not yet agreed overruns for the additional work performed over the misstatement identified, and will discuss and agree this with the two s151 officers, prior to submitting the additional fee proposal to the PSAA for its approval.

### Other services

We did not charge any additional fees for other services.

External audit fees 2016/17  
(£'000)



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## AGENDA ITEM 14



### NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE CONSTABULARY

#### JOINT INDEPENDENT AUDIT COMMITTEE

4<sup>TH</sup> DECEMBER 2017

<b>REPORT BY</b>	CHIEF FINANCE OFFICER
<b>SUBJECT</b>	APPOINTMENT OF NEW EXTERNAL AUDITOR
<b>RECOMMENDATION</b>	FOR MEMBERS TO DISCUSS

#### 1. Update on Proposed External Auditor Appointments

- 1.1 The proposed appointment of Ernst & Young LLP to audit the accounts of the Police and Crime Commissioner and Chief Constable for Northamptonshire from 2018/19 was notified in the summer of 2017.
- 1.2 The consultation on proposed External Auditor Appointments from 2018/19 closed on the 22 September 2017 and the Public Sector Audit Appointments (PSAA) acknowledged Northamptonshire's confirmation of satisfaction with the proposed appointment.
- 1.3 Ernst & Young LLP were the proposed appointment for all PCC and Chief Constables in the East Midlands.
- 1.4 Formal notification from the PSAA has advised that the PSAA Board will consider all proposed auditor appointments at its meeting on 14 December 2017, and write by email as soon as possible after the meeting to confirm your auditor appointment formally.
- 1.5 The scale of fees are usually issued by the PSAA in March of each year and are listed on their website. Whilst savings are anticipated from the tender process, final scale fees will not be known until this time.
- 1.6 In advance of this confirmation, the Joint Independent Audit Committee may wish to discuss the practicalities of how a change in External Auditor will be implemented in terms of timescales for the 2017/18 audit of accounts and handover arrangements.

#### 2. Recommendation

- 2.1 That members discuss the report and consider the practicalities of how the change will be implemented.

**Joint Independent Audit Committee (JIAC) - Agenda Plan (version 2017-11-08)**

Date of JIAC	4.12.17	{late Feb. / early March 2018}	19.3.18	Late May 2018 (PD to advise)	23.7.18	10.9.18	November 2018
Confirmed agenda to be circulated	15.11.17		28.02.18		02.07.18	20.08.18	
Deadline for papers to be submitted to OPCC	22.11.17		07.03.18		11.07.17	28.08.17	
Papers to be circulated	27.11.17		12.03.18		16.07.18	03.09.18	

Agenda items						
Apologies		Apologies		Apologies	Apologies	
Declarations		Declarations		Declarations	Declarations	
Meetings log and actions		Meetings log and actions		Meetings log and actions	Meetings log and actions	
Corporate Governance inc. Specific assurance topics						
		Fire Implementation [tbc]				
Governance framework <sup>1</sup>	JIAC assurance <sup>2</sup>	HR Policies	JIAC annual review <sup>3</sup>	JIAC self assessment / Annual Report		
Estates Strategy <sup>4</sup>		Capital Programme 2018-2022				
	Update on: Collaboration <sup>5</sup> SDM AGS progress		Update on: MFSS <sup>6</sup>			Update on: P and C plan ICT developments Estates strategy
		Finance Update – 2017/18			Finance Update –20 18/19	

<sup>1</sup> Covering OPCC and CC and including Decision making protocol

<sup>2</sup> How does JIAC secure assurance to discharge its Terms of Reference?

<sup>3</sup> Review of progress against the JIAC Aims and Objectives 2017-18 [prior to writing the JIAC self assessment / annual report]

<sup>4</sup> Including implementation arrangements

<sup>5</sup> Consideration of the internal audit assessments of collaborations, an officer assessment of the effectiveness of governance arrangements and a description of future plans. Note: excludes MFSS which is on the main agenda

<sup>6</sup> Consideration of Fusion programme and ongoing governance arrangements

Treasury Mgmt strategy 2017/18 <sup>7</sup>		Treasury Mgmt strategy 2018/19			Treasury Mgmt update	
Treasury Mgmt outturn 2016/17				Treasury Mgmt outturn 2017/18		
HMIC reviews – update				HMIC reviews – update		
Risk Register						
OPCC risk register		Force strategic risk register		Review of risk (CC and OPCC) policies	Force strategic risk register	
					OPCC risk register	
External Financial Reporting						
MTFP and budget update	Discussion on the final budget <sup>8</sup>	MTFP and budget update				
			Annual accounts review <sup>9</sup>	Annual Accounts 2017/18 inc. ISA 260		
Internal Audit						
		Annual Plan 18/19				
Progress report		Progress report		Progress report	Progress report	
Implementation of recommendations		Implementation of recommendations			Implementation of recommendations	
External Audit						
Progress report		Progress report		Progress report	Progress report	
		EA letter <sup>10</sup>			Fee letter	
Appointment of new Ext Auditor <sup>11</sup> –						
Agenda plan		Agenda plan		Agenda plan	Agenda plan	
AOB (inc member updates)		AOB (inc member updates)		AOB (inc member updates)	AOB (inc member updates)	
Next meeting <sup>12</sup>		Next meeting		Next meeting	Next meeting	

<sup>7</sup> Still to be approved

<sup>8</sup> Including how resources have been prioritised, performance measures and VFM.

<sup>9</sup> With CFOs and, possibly with the external auditor, to discharge terms of reference

<sup>10</sup> Normally in December but the change of External Auditor means this may be better in March

<sup>11</sup> update, fees and handover arrangements

<sup>12</sup> Confirmation of the date and venue of next meeting